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FILE COPY

FOREIGN ASSISTANCE ACT OF 1971

REPORT
OF THE
COMMITTEE ON FOREIGN AFFAIRS
ON
H.R. 9910
TO AMEND THE FOREIGN ASSISTANCE ACT
OF 1961, AND FOR OTHER PURPOSES,
TOGETHER WITH MINORITY VIEWS



JULY 26, 1971

JULY 26, 1971.—Committed to the Committee of the Whole House on
the State of the Union and ordered to be printed

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FOREIGN ASSISTANCE ACT OF 1971

JULY 26, 1971.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. MORGAN, from the Committee on Foreign Affairs,
submitted the following

R E P O R T

[To accompany H.R. 9910]

The Committee on Foreign Affairs, to whom was referred the bill (H.R. 9910) to amend the Foreign Assistance Act of 1961, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

(1)

COMMITTEE ACTION

On April 21, 1971, the President sent to the Congress a foreign aid message (H. Doc. 92-94) accompanied by two draft bills that totaled 138 pages. These bills would restructure the foreign aid program and provide new approaches and authorities for the administration of the program. The changes proposed by the President stemmed from a study made by a Presidential task force that he had appointed on September 24, 1969, and that had reported to him on March 4, 1970, about 14 months before his message to the Congress.

Less than a week after receipt of the President's message and draft bills, the committee began hearings on the foreign aid program. It soon became evident that the far-reaching proposals submitted by the President would require much more lengthy hearings, followed by careful and extensive analysis, by the committee. At the earliest, all the legislative steps could not be completed before next year.

The committee hearings, which began on April 27 and were suspended on June 2, were followed by the introduction by the chairman on June 7 of H.R. 8961. With a few exceptions, the bill was limited to authorizations for appropriations for fiscal year 1972 for the existing foreign assistance programs. During the markup of the bill, the committee decided that a 2-year authorization would enable the legislative branch to approach the problems of foreign aid reorganization with greater deliberation without jeopardizing the continuation of the program.

The committee was also mindful that, should the changes requested by the President be adopted, there would undoubtedly be a long interval in implementing them. In 1969 Congress created two new institutions—the Overseas Private Investment Corporation (OPIC) and the Inter-American Social Development Institute (ISDI). In the case of OPIC, all that was involved was the transfer of an existing AID program to a new corporate body. Yet neither institution was made operational until early 1971. The sweeping changes proposed by the President, if accepted by the Congress, would take even longer to effect.

Upon conclusion of the markup sessions, the chairman introduced H.R. 9910 on July 20. This bill included adjustments in the authorizations made by the committee as well as a few substantive changes in existing law. On July 21, the committee reported the bill favorably by a vote of 30 to 6.

PURPOSES OF THE BILL

The principal purpose of H.R. 9910 is to authorize funds to permit the foreign assistance programs to continue through June 30, 1973. The bill authorizes appropriations of \$3,444,350,000 for fiscal year 1972 and \$3,494,350,000 for fiscal year 1973. Direct comparison of the Executive authorization request with the sums contained in this bill is not possible since the former included a number of authorizations extending over more than 1 year.

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Following are the fiscal details of the 2 year programs recommended by the committee:

FOREIGN ASSISTANCE AUTHORIZATIONS, FISCAL YEARS 1972 AND 1973

Programs	Appropriations Fiscal year 1971	Committee recommendation	
		Fiscal year 1972	Fiscal year 1973
PART I			
Development loans.....	\$420,000,000	1 \$400,000,000	2 \$450,000,000
Technical cooperation.....	166,750,000	183,500,000	183,500,000
American schools and hospitals abroad.....	12,895,000	30,000,000	30,000,000
Alliance for Progress.....	370,375,000	378,250,000	428,250,000
Loans.....	(287,500,000)	(287,500,000)	(337,500,000)
Grants.....	(82,875,000)	(90,750,000)	(90,750,000)
Population programs.....	(*)	4 100,000,000	4 125,000,000
International organizations.....	103,810,000	143,000,000	143,000,000
Indus Basin:			
Grants.....	4,925,000	5,000,000	10,000,000
Loans.....	6,980,000	(*)	(*)
Arab Refugees (UNRWA).....	1,000,000	1,000,000	1,000,000
Egyptian pounds.....	(*)	1,000,000	1,000,000
Contingency fund.....	7 22,500,000	30,000,000	50,000,000
East Pakistan relief assistance.....		100,000,000	
Overseas Private Investment Corp. (OPIC).....	18,750,000	(*)	(*)
Part II			
Grant military assistance.....	690,000,000	705,000,000	705,000,000
Security supporting assistance.....	569,600,000	800,000,000	800,000,000
Part III			
Administrative expenses:			
AID.....	51,000,000	57,600,000	57,600,000
State.....	4,100,000	(*)	(*)
Part IV			
Foreign military credit sales.....	200,000,000	510,000,000	510,000,000
Israel (supplemental).....	500,000,000		
Total.....	♦ 3,142,685,000	3,444,350,000	3,494,350,000

¹ As of the beginning of fiscal year 1972, authorizations of \$230,000,000 for development loans covering the period fiscal years 1967 through 1971 have not been appropriated under sec. 202(a) of the act and are available for appropriations in FY 1972.

² Such sums as have been authorized but not appropriated during the period fiscal years 1967 through 1972 under sec. 202(a) of the act will be available for appropriations in FY 1973.

³ Authorizes the use of \$100,000,000 of pt. I funds for this purpose.

⁴ Also authorizes the use of additional pt. I funds for this purpose.

⁵ \$51,200,000 authorized in 1967 for use beginning in 1969.

⁶ To provide technical and vocational training and other assistance to Arab refugees.

⁷ As a result of cyclone damage in East Pakistan \$7,500,000 was earmarked for relief, rehabilitation, and reconstruction assistance.

⁸ Permanent authorization in existing law.

⁹ Excluding the appropriations for the Overseas Private Investment Corporation, State Department administrative expenses, and military credit sales to Israel which are not contained in this authorization bill, the appropriation comparable to programs in this bill is \$2,642,685,000.

In addition to the authorizations detailed above, the bill proposes a major step in the direction of unifying all international security authorizations and distinguishing them from long-term development assistance. Within the new framework, the security portion of the authorizations for fiscal year 1972 is \$2,015,000,000; the development portion, \$1,429,350,000; for fiscal year 1973, the security portion is \$2,015,000,000, the development portion is \$1,479,350,000.

The committee also recommends a number of substantive amendments which are explained in the section analysis of the bill. Among the principal changes are:

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1. Use of Egyptian pounds owned by the United States to assist in reopening the Suez Canal.
2. A separate authorization for population control programs.
3. Authorization to the President to use foreign assistance funds to assist nations to control the production and traffic in narcotic drugs and to deny such funds to countries which do not take adequate steps to prevent drugs from entering the United States unlawfully.
4. Relief assistance to East Pakistan refugees.
5. Prohibition of assistance to Greece and Pakistan.

COST ESTIMATES

Pursuant to clause 7 of rule XIII of the House rules the committee has examined the requests submitted by the President to carry out the various programs authorized by this bill. It has made adjustments in the requests and recommends \$3,444,350,000 for fiscal year 1972 and \$3,494,350,000 for fiscal year 1973. The entire program is under review by the legislative and executive branches. Hence any projection of costs beyond fiscal year 1973 is not possible.

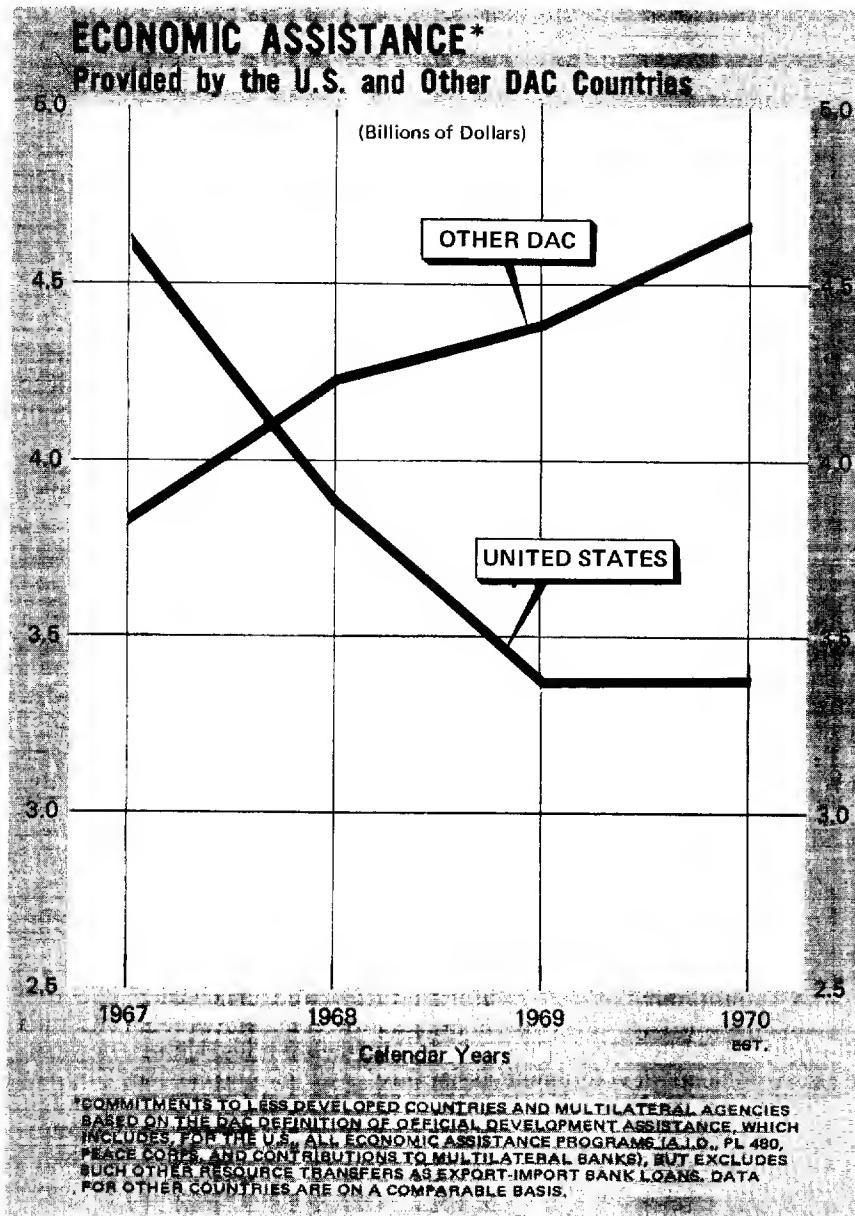
EXTENT OF U.S. FOREIGN ASSISTANCE

The \$3,444,350,000 authorized in this bill for fiscal 1972 is only a portion of our total foreign assistance efforts. Other principal parts of foreign aid for fiscal year 1972 include the Food for Peace (Public Law 480), the Peace Corps, subscriptions and contributions to multi-lateral lending agencies, and military assistance.

Programs such as those carried out by the Export-Import Bank through loans, guaranties, and credits are in a somewhat different category from foreign assistance. Rather they encourage the sale of U.S. products abroad on terms not available from private financial sources. They are another resource available to promote foreign policy objectives of the United States.

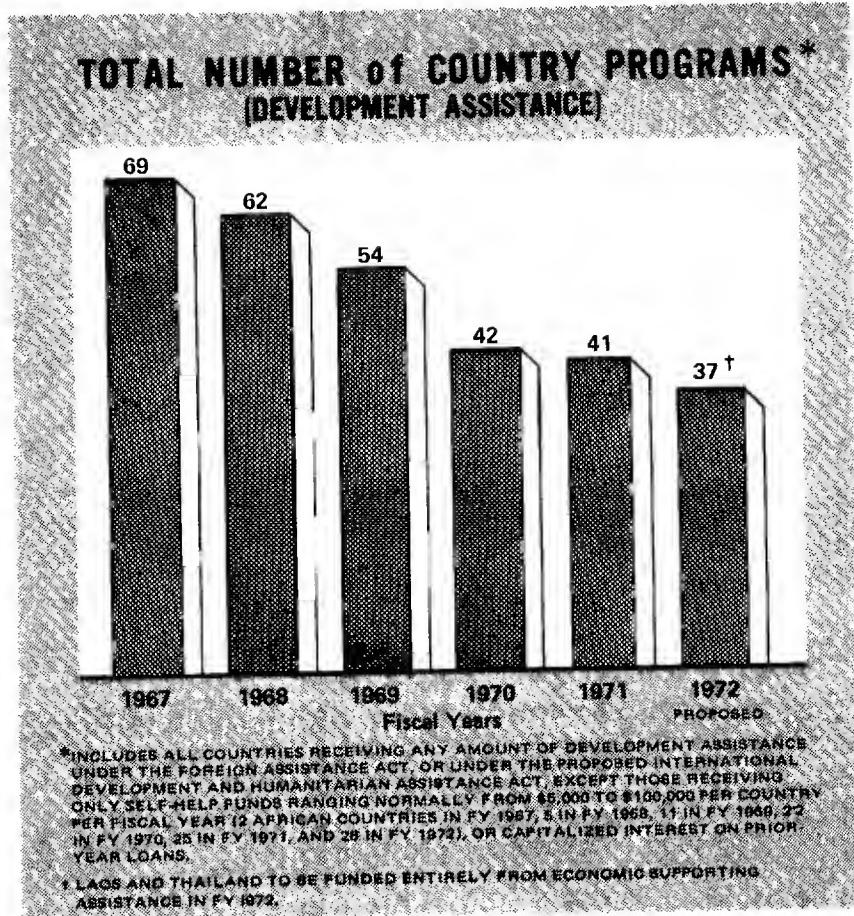
For fiscal year 1972 all U.S. foreign economic aid is less than one-half of 1 percent of our gross national product. This compares to about 3 percent when the Marshall plan was inaugurated more than 20 years ago. Although our GNP is greater than that of all the other principal developed countries, the United States now contributes less than half the economic aid going to the less developed countries. Using the yardstick of "official development assistance", which emphasizes the percentage of GNP devoted to this purpose, devised by the 16 members (including the United States) of the Development Assistance Committee, the United States ranks in 11th place.

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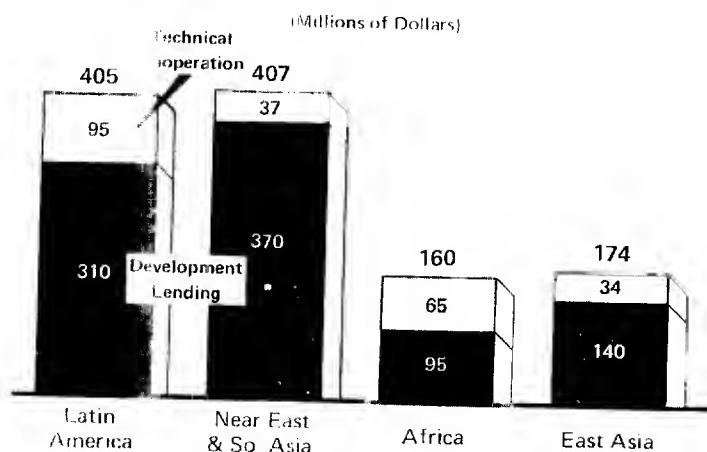
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FY 1972 DEVELOPMENT ASSISTANCE BY REGION



FOREIGN ASSISTANCE AND THE U.S. ECONOMY

Critics of the foreign assistance program often make the charge that the United States is sending funds abroad for the program. This is not the situation. For the most part, the United States sends goods and services abroad. AID dollars buy goods from over 4,000 American companies and pay some 1,000 private institutions, firms, and individuals in all 50 States for technical and professional services to carry out projects overseas.

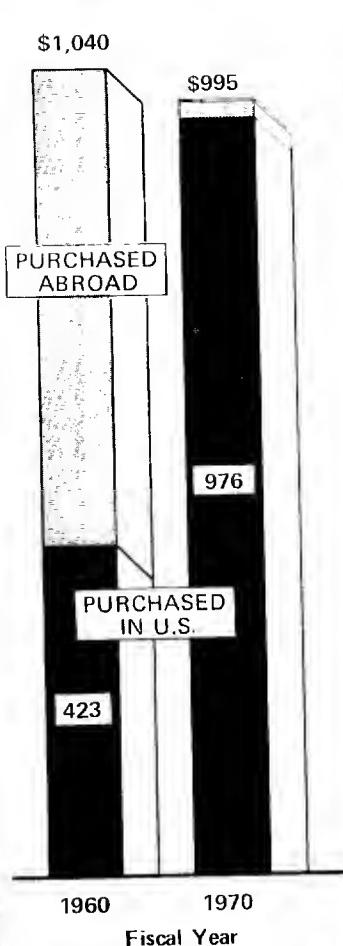
Commodity procurement.—In fiscal year 1970 AID funds bought commodities valued at \$976 million from all over the United States, accounting for 98 percent of AID-financed commodity procurement.

Technical service contracts.—As of June 30, 1970, AID had 1,284 active technical service contracts with private institutions, companies, and individuals, valued at \$632 million.

University contracts.—Of these, 127 American colleges and universities held 332 contracts worth \$242 million. By value, about 55 percent of these contracts are held by educational institutions in the South and the Midwest regions of the United States.

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**A.I.D.-FINANCED COMMODITY EXPENDITURES
MAJOR COMMODITIES PURCHASED IN U.S.
FY 1970 vs. FY 1960 — Millions of Dollars**



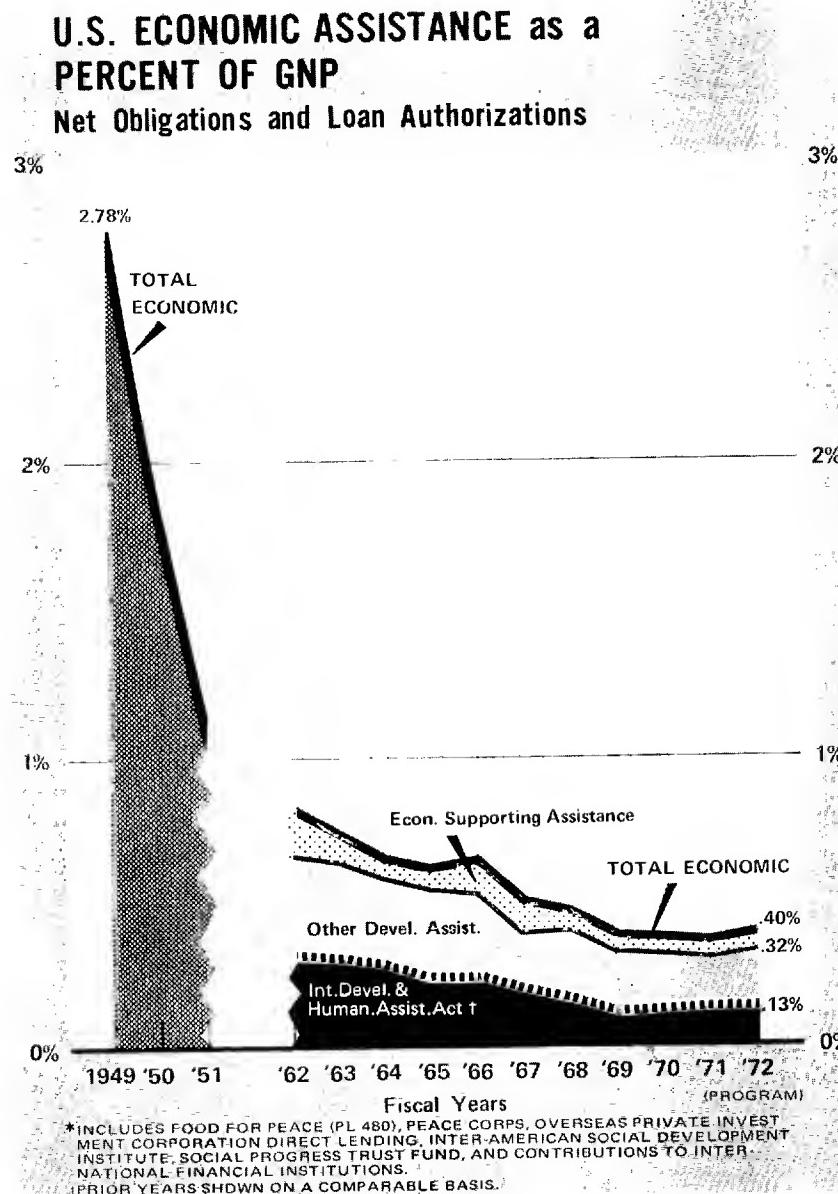
Major U.S. Purchases	FY 1960	FY 1970
Industrial Machinery	\$19	\$142
Chemicals	18	139
Iron & Steel Mill Products	14	106
Fertilizer	9	98
Motor Vehicles	41	90
Electrical Machinery	11	59
Nonferrous Metals	10	41
Engines & Turbines	4	41
Petroleum & Products	17	39
Agr. Equipment & Tractors	8	31
Pulp & Paper	3	25
Textiles	4	17
Rubber & Products	4	13

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FOREIGN ASSISTANCE AND THE U.S. BALANCE OF PAYMENTS

The balance of payments and gold outflow problems of the United States result primarily from our large defense expenditures, U.S. investments abroad, and tourist spending overseas—not from the foreign assistance program. It is not generally realized that there is currently a dollar inflow from the program as a result of an excess of payments of principal and interest on prior-year loans over the comparatively small dollar outflow caused primarily by occasional offshore procurement and purchases of local currencies. The inflow is expected to amount to an estimated \$79 million in fiscal year 1971.

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THE PIPELINE

Unexpended balances, often referred to as the pipeline, are funds that have been obligated for goods and services on order but not yet delivered. When delivery is made, payments are met from funds previously appropriated and set aside for that purpose.

In recent years, Congress and the Executive have placed greater emphasis upon loans rather than grants. This has resulted in a buildup of the pipeline. A loan is authorized when a decision is made to make the loan to the borrowing country. Expenditures, on the other hand, are made only against deliveries or the fulfillment of conditions. In either case, the outlay of funds usually stretches over a number of years. Hence, there is a lag between loan authorizations and expenditures. The following table shows the annual unexpended balances for the foreign assistance program—military and nonmilitary but excluding investment guaranty programs—at the end of each fiscal year since 1950.

Unexpended balances, foreign assistance program, military and nonmilitary, including Alliance for Progress, but excluding investment guaranty program and acquisition of excess property revolving fund

	(In billions)		(In billions)
1950	\$3.5	1961	\$6.0
1951	7.1	1962	6.6
1952	9.9	1963	6.8
1953	10.1	1964	6.3
1954	9.6	1965	6.3
1955	7.9	1966	6.4
1956	6.4	1967	6.6
1957	6.1	1968	6.2
1958	5.3	1969	5.3
1959	4.8	1970	4.7
1960	4.8	1971 (estimated)	4.7

An examination of the annual budget of the President indicates that unexpended balances are not peculiar to the foreign assistance program. The following table compares the unexpended balances of the military assistance portion of the program with those of the Department of Defense.

UNEXPENDED BALANCES—MILITARY ASSISTANCE PROGRAM COMPARED WITH DEPARTMENT OF DEFENSE
[In billions of dollars]

	Military assistance	Department of Defense (military function)		Military assistance	Department of Defense (military function)
1950	1.3	9.8	1961	2.6	28.7
1951	5.5	38.1	1962	2.8	29.2
1952	8.4	59.5	1963	2.4	30.3
1953	8.5	62.1	1964	2.0	30.2
1954	7.8	55.0	1965	2.0	33.1
1955	6.2	45.3	1966	1.8	41.4
1956	4.6	37.5	1967	2.1	47.2
1957	4.2	34.6	1968	1.8	45.7
1958	3.4	32.1	1969	1.6	44.4
1959	2.5	31.7	1970	1.2	40.3
1960	2.3	30.7	1971 (estimated)	1.3	41.3

Opponents of the foreign assistance program are critical not only of the unexpended balances but of unobligated balances which are often described as sizable. They argue that the Executive has asked for, and the Congress has voted, more money than can be used. This complaint rests on the theory that money appropriated must be spent regardless of the changing circumstances. The committee does not endorse an imprudent approach in dispensing public funds. If a particular program does not materialize as planned, it is a mark of sound management to withhold the obligation of funds. The dimensions of the unobligated and unexpended balances of the foreign assistance program can be better appreciated by comparison with similar balances of other agencies of the Government. The following figures, taken from the Budget of the President, cover the Department of Defense, the Department of Agriculture, the foreign assistance program, and all other Government agencies.

UNEXPENDED AND UNOBLIGATED BALANCES¹

[In billions of dollars]

Item	Department of Defense (military functions)	Foreign assistance	Department of Agriculture	All others	Total
Unexpended/June 30, 1956	37.5	6.6	2.0	26.7	72.8
Unobligated/unreserved, June 30, 1956	12.7	.4	.2	19.6	32.9
Unexpended/June 30, 1957	34.6	6.3	3.0	24.7	68.6
Unobligated/unreserved, June 30, 1957	11.0	.9	1.6	17.7	31.2
Unexpended/June 30, 1958	32.1	5.5	4.8	29.5	71.9
Unobligated/unreserved, June 30, 1958	8.3	.2	3.4	20.6	32.5
Unexpended/June 30, 1959	31.7	5.0	3.6	31.3	71.6
Unobligated/unreserved, June 30, 1959	8.2	.2	2.2	22.1	32.7
Unexpended/June 30, 1960	30.7	5.0	3.7	33.0	72.4
Unobligated/unreserved, June 30, 1960	9.6	.2	2.4	23.5	35.7
Unexpended/June 30, 1961	28.7	6.2	3.3	38.2	76.4
Unobligated/unreserved June 30, 1961	9.9	.8	1.1	27.4	39.2
Unexpended/June 30, 1962	29.2	6.9	4.6	39.2	79.9
Unobligated/unreserved, June 30, 1962	8.1	.2	1.2	27.3	36.8
Unexpended/June 30, 1963	30.3	7.0	4.8	45.7	87.8
Unobligated/unreserved, June 30, 1963	11.7	.5	1.0	32.1	45.3
Unexpended/June 30, 1964	30.2	6.5	4.8	48.6	89.3
Unobligated/unreserved, June 30, 1964	12.7	.3	.8	32.9	46.7
Unexpended/June 30, 1965	33.1	6.3	4.9	52.7	97.0
Unobligated/unreserved, June 30, 1965	13.6	.5	.8	32.1	47.0
Unexpended/June 30, 1966	41.4	6.4	6.3	59.1	113.2
Unobligated/unreserved, June 30, 1966	14.6	.4	.9	34.3	50.2
Unexpended/June 30, 1967	47.2	6.6	8.1	65.3	127.2
Unobligated/unreserved, June 30, 1967	15.1	.4	2.5	35.3	53.3
Unexpended/June 30, 1968	45.7	6.2	8.3	161.5	221.7
Unobligated/unreserved, June 30, 1968	14.8	.2	2.6	123.1	140.7
Unexpended/June 30, 1969	44.4	5.3	8.8	168.7	227.2
Unobligated/unreserved, June 30, 1969	14.9	.3	1.9	126.7	143.8
Unexpended/June 30, 1970	40.3	4.7	7.5	188.3	240.8
Unobligated/unreserved, June 30, 1970	14.8	(3)	1.6	142.7	159.1
Unexpended/June 30, 1971 ²	41.3	4.7	(4)	(4)	(4)
Unobligated/unreserved, June 30, 1972 ²	15.0	(6)	(4)	(4)	(4)

¹ Data in "Total" and "All others" columns for June 30, 1968, and subsequent years are not comparable with prior years. Reporting in Treasury Combined Statement was changed in fiscal year 1968 to conform to a unified budget concept.

² Estimated.

³ Less than \$100 million.

⁴ No estimates available.

PROVISIONS OF THE BILL

PART I—ECONOMIC ASSISTANCE

SECTION 101—DEVELOPMENT LOANS

Section 101(a) (1)—Authorization

Section 101(a) (1) authorizes the appropriation of \$400 million for fiscal year 1972 and of \$450 million for fiscal year 1973. The original proposal, based on executive branch program projections, including loans that might have been made with the borrowing authority requested by the President but denied by the committee, called for an authorization of \$580 million for fiscal year 1972. The committee reduced that amount by \$180 million. The committee feels that unused prior-year authorizations against which appropriations may be made in the current fiscal year, recoveries and repayments, when added to the funds proposed to be authorized in this bill, will provide the Agency for International Development with adequate authority to finance the proposed programs.

Development loans are the principal instrument used by the United States on a bilateral basis to support programs of economic and social development in friendly less developed countries.

These loans are repayable in U.S. dollars. They carry a concessional interest rate of 2 percent during the grace period and 3 percent thereafter.

Proceeds of development loans made by the United States are used primarily to finance imports of American raw materials, capital goods, and technical services required by the borrowing countries' internal development programs. They help to finance the foreign exchange costs of dams, factories, irrigation works, educational and health facilities, and of other development undertakings.

The fiscal year 1972 program (exclusive of the Alliance for Progress) envisions development loans to 15 countries. The bulk of the funds proposed to be authorized—more than 70 percent of the total—has been programmed for three countries: India, Indonesia, and Pakistan. While the suspension of aid to Pakistan, contained elsewhere in the bill, may alter those projections, the committee believes that it would be unwise to reduce the authorization at this time. Such action could leave the President without the necessary flexibility and resources if conditions should change so as to allow the resumption of development lending to Pakistan.

Section 101(a) (2)—Promotion of free enterprise

Section 101(a) (2) extends for 2 years the provision of the existing law which stipulates that not less than 50 percent of the funds appropriated for development lending shall be available for loans made to encourage economic development through private enterprise.

Section 101(b) (1)—Fiscal provisions relating to repayments

Section 101(b) (1) amends section 203 of the act, relating to fiscal provisions, so as to make repayments of loans authorized by foreign assistance legislation enacted prior to the Mutual Security Act of

1954 available for development lending. The repayments resulting from loans made prior to 1954 are estimated at \$67 million for fiscal year 1972 and \$66 million for the following year.

Section 101(b)(2)—Limitation

Section 101(b)(2) limits the authorization for the use of dollars received from loan repayments to fiscal years 1972 and 1973.

SECTION 102—TECHNICAL COOPERATION AND DEVELOPMENT GRANTS

Section 102(a)—Authorization

Section 102(a) authorizes an appropriation of \$183,500,000 for fiscal year 1972 and the same amount for fiscal year 1973 for worldwide technical assistance. These authorizations correspond to those made by the Congress for fiscal years 1970 and 1971.

Technical assistance deals with the human side of the development process. It provides the means for skilled Americans from all parts of the country to work with people and institutions of the developing countries, transferring knowledge and techniques essential to development. It also enables selected citizens of those countries to come to the United States for training.

The United States pioneered during the 1940's in developing technical assistance concepts and programs. The Point 4 program and subsequent U.S. initiatives in this field have helped the people of many developing countries to acquire, modify, and generate the knowledge, skills, and institutions they require for their economic and social growth and modernization.

Section 102(b)—American schools and hospitals abroad

Section 102(b) authorizes an appropriation of \$30 million for fiscal year 1972 and the same amount for fiscal year 1973 for assistance to American-sponsored schools and hospitals abroad.

The authority for this program is contained in section 214 of the act which states that the President may furnish assistance "to schools and libraries outside the United States founded or sponsored by United States citizens and serving as study and demonstration centers for ideas and practices of the United States" and to "hospital centers for medical education and research outside the United States, founded or sponsored by United States citizens."

The primary purpose of those statutory provisions is not to help take care of the educational and health needs of foreign countries, but to demonstrate to their people, on a selected basis, American ideas, practices, and advances in the fields of education and medicine. Section 214 was not intended to authorize support for institutions abroad whose basic purpose is to furnish general education and welfare services to the citizens of the countries in which they are located. Where appropriate, such support should be provided within the framework of the regular country economic assistance programs administered by the Agency for International Development.

The committee recommends the following amounts for fiscal 1972:

	<i>Thousands</i>
American Farm School, Greece-----	\$275
Bayit Lepletot Girls School, Israel-----	250
Anatolia College, Greece-----	200
Athens College, Greece-----	70
Beit Ulpanah Teachers College, Israel-----	250
Escuela Agricola Panamericana, Honduras-----	250
Beth Yaakov Avat Girls School, Ramat Can, Israel-----	2,000
Educational Center of Galilee, Israel-----	400
Sde Schemed Vocational School, Israel-----	250
Feinberg Graduate School of Weizmann Institute, Israel-----	3,700
Laniadd Hospital, Kiryat Sanz, Israel-----	150
American University of Beirut, Lebanon-----	6,000
University of the Americas, Mexico-----	3,000
Jerusalem College, Israel-----	2,000
Gorgas Memorial Institute, Panama-----	1,000
Beth Zetroth Mizrachi Schools, Israel-----	500
American Research Hospital for Children, Poland-----	600
Admiral Bristol Hospital, Turkey-----	100
Robert College, Turkey-----	1,200
Kolel Shomre Raehomos (Home and Hospital for the Aged), Israel-----	400
American Research Center in Cairo, UAR-----	180
American University in Cairo, UAR-----	1,450
Cairo American College, UAR-----	1,000
Shnarel Zedak Hospital, Israel-----	250
Schutz American School in Alexandria, UAR-----	170
International Eye Foundation, New York-----	200
Teachers Training Institute, Kiryat Yearim, Israel-----	1,000
Project HOPE-----	1,500
Program support-----	200
American Hospital in Rome, Italy-----	315
Total -----	28,760

¹ In Egyptian pounds.

In addition to the above-listed institutions, the committee has received proposals for section 214 assistance to a number of other schools and hospitals abroad. Because these proposals were submitted late, the committee did not have the opportunity to evaluate either the need for or the appropriateness of section 214 assistance in each instance. The committee did, however, make a provision in the proposed fiscal year 1972 and fiscal year 1973 authorizations for additional grants to institutions which are founded or sponsored by American citizens and which serve as demonstration centers for American ideas and practices. The committee believes that these additional requests, and project allocations for fiscal year 1973, should be carefully evaluated and developed by the appropriate congressional committees in cooperation with the Agency for International Development.

Section 102(c)—Suez Canal

Section 102(c) authorizes the appropriation of such amounts as may be required, of Egyptian pounds owned by and excess to the needs of the United States, for the purpose of assisting in the reopening of the Suez Canal. In no case will the United States furnish such assistance until the parties involved—principally the United Arab Republic and Israel—have reached agreement on this matter. Another condition for U.S. assistance is that the agreement stipulate that the canal will be open on equal terms to the ships of all nations, including Israel, on a nondiscriminatory basis.

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The committee has included this amendment in the belief that it will provide some incentive to the parties in the Middle East to resolve their differences more quickly and to their mutual advantage.

SECTION 103—HOUSING GUARANTIES

Section 103(a)—Worldwide housing guaranties

Section 103(a) amends section 221 of the act by increasing by \$100 million the amount of worldwide housing guaranty authority. With the provision of this \$100 million the total amount of guaranties that may be outstanding at any one time under section 221 will be \$230 million, exclusive of the \$25.1 million authorized and issued under predecessor programs.

Although the response to the housing guaranty program is reportedly good, only \$32.5 million in guaranties had been authorized through March 31, 1971. The committee believes that the additional \$100 million provided by this section should be sufficient to carry the program through fiscal year 1973.

Section 103(b)—General provisions

Section 103(b) amends section 223(i) of the act to make housing guaranty authority available through June 30, 1974.

SECTION 104—ALLIANCE FOR PROGRESS

Section 104 authorizes appropriations of \$378,250,000 for fiscal year 1972, and of \$428,250,000 for fiscal year 1973 for the Alliance for Progress. The fiscal year 1972 authorization request was cut \$50 million by the committee.

The bulk of the funds authorized to be appropriated in this section is intended for development lending in Latin America. Those loans must be repaid as to principal and interest in U.S. dollars. The existing law provides that of the sums mentioned above, not to exceed \$90,750,000 in each fiscal year may be used for technical cooperation and related undertakings.

The program projected for the Alliance for Progress for fiscal year 1972, including loans which the Agency for International Development had hoped to finance with borrowing authority recommended in the President's foreign aid reorganization proposals, exceeds the amount authorized to be appropriated in this section. The committee believes, however, that this shortage can be covered by resort to receipts and recoveries.

One of the effective programs carried out in the past with the support of technical assistance funds has been that of the Partners of the Alliance. Using a minimum amount of government resources, this people-to-people program has carried out many impressive projects in Latin America through the combined efforts of individuals and voluntary committees in most of the States and in nearly all countries of Latin America. An endeavor is now underway to make the Partners self-sustaining. The committee approves of this approach and feels that during the transitional period, adequate support for administration and travel should continue to be made available to the Partners.

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SECTION 105—PROGRAMS RELATING TO POPULATION GROWTH

Because of the increasing concern in the United States and elsewhere about world population growth, the Congress in 1968 added a new title to the Foreign Assistance Act and earmarked funds to promote programs relating to population growth.

For 4 years the funds earmarked for AID's population programs by the Congress have been a most important factor in the world's response to the population crisis—a crisis that gravely threatens orderly economic development and the basic quality of human life and the environment.

The accompanying chart demonstrates the awesome dimensions of the world population growth and the need for concerted action to decrease rates of population growth.

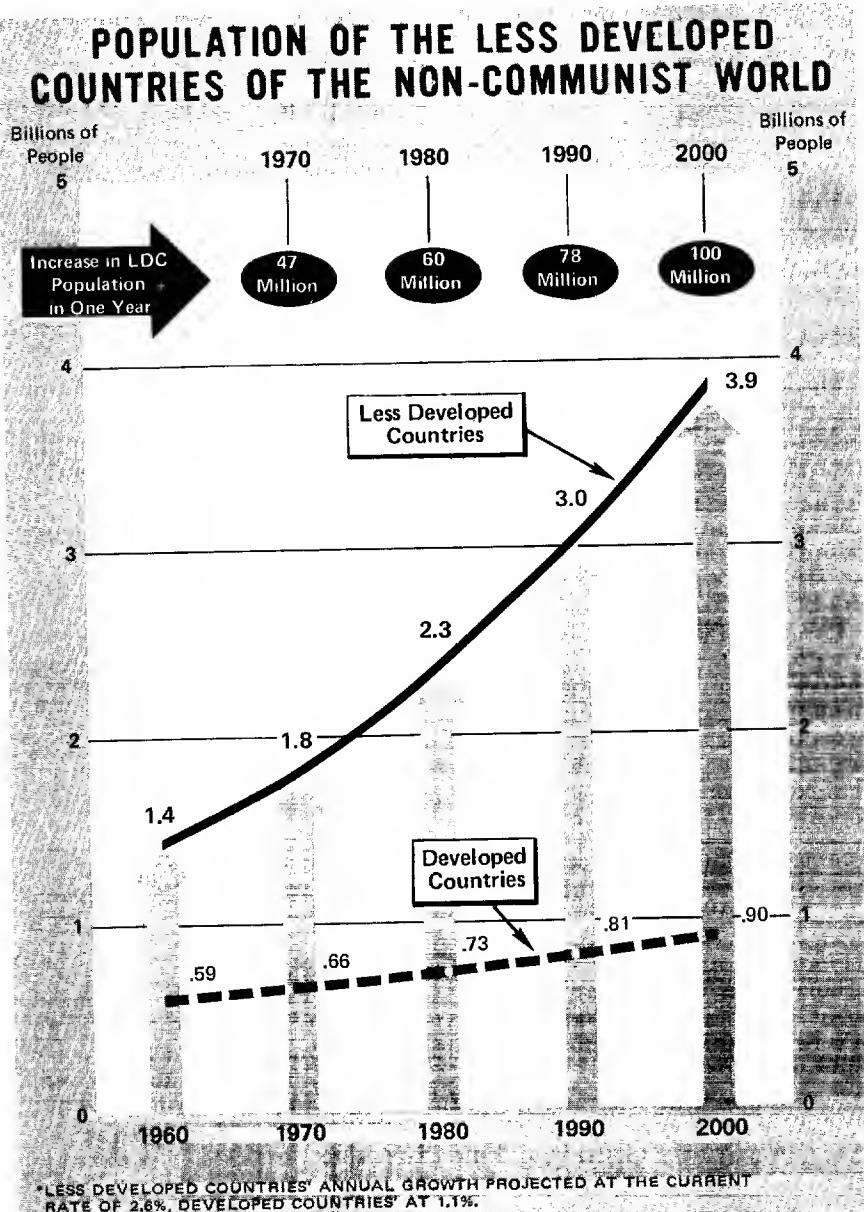
As the amount of earmarked funds has been progressively increased by Congress over the past 4 years, to a total of \$100 million for fiscal year 1971, it has cut deeply into funds appropriated for other programs, primarily the development loan fund, to the detriment of such programs.

As a result of that problem, and believing that programs relating to population growth are important enough to be funded on their own merits, the committee has amended section 292 of title X of the Act to authorize a separate line item appropriation.

For fiscal year 1972 it has set the authorization at \$100 million and for fiscal year 1973, at \$125 million. The increase for the next fiscal year is justified, the committee believes, by the progress being made in the AID-sponsored population control programs and the prospects of increased requests to the United States for aid in this field by the developing countries as they recognize the dimensions of their own population problems.

The committee believes that the amounts authorized for population programs are the minimum that should be used in this vital area. The committee assumes that the Agency for International Development will maintain the population program at the level authorized by the committee, or higher, by making use, if necessary, of the following new language added to section 292: "Other funds provided to carry out the provisions of part I of this Act shall also be available to carry out the purposes of this title and, notwithstanding any other provision of this Act, funds used for such purposes may be used on a loan or grant basis." Further, the committee believes that U.S.-owned excess foreign currencies should be used to the maximum extent possible for population programs.

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SECTION 106—INTERNATIONAL ORGANIZATIONS AND PROGRAMS

Section 106(a)—Authorization

Section 106(a) authorizes an appropriation of \$143 million for fiscal year 1972, and the same amount for fiscal year 1973, for voluntary contributions to various international organizations and programs.

Most of those contributions are expected to remain at the levels which obtained in fiscal year 1971. The proposed authorization does, however, reflect the termination of U.S. contributions to special international programs in Vietnam, which amounted to \$1 million during the past year. Moreover, it would permit a higher level of support for two United Nations-related programs: the U.N. Children's Fund and the U.N. Development Program.

The committee recommends that U.S. contributions to the Children's Fund, which is endeavoring to respond to growing needs in many areas of the world, be increased from \$13 million to \$15 million during each of the next 2 fiscal years. The \$2 million increase over the administration's fiscal year 1972 request is intended for that purpose. Another \$2 million is provided for the same purpose in fiscal year 1973. These additional sums shall not be counted in determining the United States share of total governmental contributions to the Fund.

The committee also believes that U.S. contributions to the U.N. Development Program, which have remained at the same level during the past 2 years, should be increased in response both to the pace of reforms being implemented within that organization and to the rising level of contributions from other governments. The 40-60 matching formula, embodied in the statute, will continue to serve as a ceiling on U.S. contributions to this undertaking.

Section 106(b)—Indus Basin project

Section 106(b) authorizes an appropriation of \$5 million for fiscal year 1972, and of \$10 million for fiscal year 1973, for U.S. contributions to the World Bank-administered consortium which is financing the development of the Indus Basin project.

The committee cut \$10 million from the projected fiscal year 1972 authorization for two reasons: First, because problems generated by recent violence in, and large-scale refugee flows from, East Pakistan may force a slowdown of work on the Indus Basin project and result in lower than anticipated foreign exchange requirements; and, second, because in the past, a significant portion of the funds appropriated but not immediately needed for this project was repeatedly reprogrammed by the Department of State and used for other purposes. The committee does not approve of such practices.

If the World Bank's calls for U.S. grant contributions to the Indus Basin project should exceed the amounts proposed to be authorized in this subsection, those additional requirements can be met either from other funds appropriated pursuant to this act or through the supplemental authorization and appropriation procedure.

Section 106(c)—Technical and vocational training of Arab refugees

Section 106(c) authorizes an appropriation of \$1 million for fiscal year 1972, and the same amount for fiscal year 1973, for an additional

contribution to the United Nations Relief and Works Agency for expansion of technical and vocational training of Arab refugees.

This authorization has been in the law since 1969 and \$1 million has been provided for this purpose in each of the fiscal years 1970 and 1971.

Section 106(d)—Egyptian pounds

Section 106(d) authorizes an appropriation of \$1 million for fiscal year 1972, and the same amount for fiscal year 1973, in Egyptian pounds owned by the United States and determined to be excess to the requirements of the U.S. Government, for the purpose of providing technical and vocational training and other assistance to Arab refugees.

Amounts appropriated under this subsection are authorized to remain available until expended.

The committee believes that training and resettlement of refugees can help to promote a solution of the Arab refugee problem in the Middle East. The United States owns a substantial amount of Egyptian pounds which are currently excess to the needs of our Government departments and agencies. Since it appears that some of those pounds might be utilized to expand vocational training of Arab refugees, the committee recommends that the President be given the authority described in this subsection and that the usefulness of this approach be carefully evaluated at the end of the 2-year period.

SECTION 107—CONTINGENCY FUND

Section 107 authorizes an appropriation of \$30 million for fiscal year 1972 and \$50 million for fiscal year 1973. The Executive request for contingency fund purposes for fiscal year 1972 was \$100 million, \$70 million more than the amount proposed to be authorized. The committee recommends a slightly increased amount for fiscal year 1973.

The amounts authorized are in line with AID's use of the contingency fund over the past several years and are considered sufficient by the committee to meet unforeseen developments or situations during this period.

Fiscal year	Authorized (in millions)	Used
1968.....	\$50	\$27.5
1969.....	10	13.9
1970.....	30	27.7
1971 (estimated).....	30	29.3

The United States must be able to respond to urgent and unforeseeable requirements which cannot be accurately defined in advance. These situations may include political and economic crises in less developed countries as well as major natural disasters. In fiscal year 1971, \$24.6 million of the \$29.3 million from the contingency fund was obligated for disaster relief grants and related reconstruction.

Ordinarily events which give rise to the use of contingency funds call for grants, but loans may be used when appropriate.

The use of the contingency fund is reported quarterly to the Congress during the fiscal year. Thus, Congress has an opportunity to

evaluate the use of the fund and determine that it has not been used to finance programs or operations for which funds were previously denied or for requirements that were not bona fide contingencies.

SECTION 108—INTERNATIONAL NARCOTICS CONTROL AND REFUGEE RELIEF ASSISTANCE

New chapter 8—International narcotics control

Section 108 amends part I of the act by adding at the end thereof a new chapter 8 relating to international narcotics control.

The language proposed by the committee expresses the sense of the Congress that effective international cooperation is necessary to put an end to the illicit production, trafficking in, and abuse of dangerous drugs. In order to promote such cooperation, the President is authorized to enter into agreements with other countries to facilitate control of the production, processing, transportation and distribution of narcotic analgesics, including opium and its derivatives, other narcotic drugs and psychotropics as defined in the Comprehensive Drug Abuse Prevention and Control Act of 1970. The President is further authorized to use funds made available under the Foreign Assistance Act to furnish assistance to countries and international organizations for the purpose of achieving the objectives of the new chapter.

The committee recognizes that some countries may not wish to cooperate in solving the narcotics problem. Such countries should not benefit from concessional assistance provided by the United States. To this end, the amendment directs the President to suspend all economic and military aid, military sales, and sales of agricultural commodities under title I of Public Law 480, with respect to any country when he determines that the government of such country has failed to take adequate steps to prevent narcotic drugs produced or processed in such country from being sold to official U.S. Government personnel or from illegally entering the United States. This suspension is to continue until the conditions which gave rise to it are remedied.

New chapter 9—Refugee relief assistance

Section 108 adds a new chapter 9 to part I of the act and authorizes \$100 million to be appropriated to the President for use in providing assistance for the relief and rehabilitation of refugees from East Pakistan and for humanitarian relief in East Pakistan. These funds, in addition to funds otherwise available for such purposes, are to remain available until expended.

The committee considered the possibility of providing sufficient funds in the contingency fund to cover some of the costs of refugee assistance to India and Pakistan. It recognized, however, that since the requirement was a known one it should be programmed and funded in a regular manner, thus continuing the use of contingency funds for unforeseen and emergency purposes.

The committee is seriously concerned about the suffering and hardship which have arisen from the civil disturbances in East Pakistan. Latest estimates are that over 6 million persons have fled to India from East Pakistan. This large number of refugees has created unprecedented demands upon India for food, water, clothing, shelter, medicines, and health care. The direct costs alone for supporting 6 million refugees for just 6 months have been estimated by AID at around \$400 million, and the indirect costs to the Indian economy

will also be substantial. There is no question that India's economy cannot sustain a burden of this magnitude.

In addition to the refugees in India, the general disruption of transportation and communication systems resulting from the civil disturbances and the disastrous November cyclone have caused shortages in food and other essential services in East Pakistan. Therefore substantial humanitarian relief efforts will also be necessary in East Pakistan.

It is the view of the committee that relief efforts basically are the problem of the governments immediately concerned. In this effort, the international community should support them and provide resources. These resources, the committee believes, should be furnished within the framework of programs coordinated and monitored under international auspices.

PART II—MILITARY ASSISTANCE

Part II of the bill amends chapter 2 of part II of the act, which relates to military assistance.

SECTION 201—MILITARY ASSISTANCE

Section 201(a)—Authorization

This subsection amends section 504(a) of the act to authorize \$705 million for military assistance for each of the fiscal years 1972 and 1973. The program presented to the committee detailed the proposed military assistance for only fiscal year 1972. However, the committee authorized a sum equal to the 1972 request in order to provide the administration with a 2-year authorization.

The proposed program for fiscal years 1972 and 1973 is designed primarily to advance new initiatives—chiefly among these are a 5-year force modernization program for Korea and urgently required military assistance for Cambodia. For these and other reasons, including a reduced U.S. military presence abroad, more, rather, than less, military assistance will be required in the immediate future. It is unrealistic to expect allied and friendly countries that we have been assisting for several decades to maintain a common defense posture to take over more of the burden of defending themselves unless the United States is prepared to help in providing the necessary equipment and training.

In terms of obligational authority, the proposed fiscal year 1972 program amounts to \$731.5 million—about \$44 million less than the adjusted program of \$775 million for fiscal year 1971. The funds to meet the fiscal year 1972 program needs will come from the new obligational authority of \$705 million contained in this bill and \$26.5 million in reconcurrents, reimbursements, and reappropriation.

The following table reflects the high priority attached to strengthening the defensive capabilities of allied and friendly nations in Southeast Asia and the Far East.

Region	Percent of total fiscal year 1972 MAP
East Asia and Pacific	68.5
Near East and South Asia	22.8
Europe	1.9
Africa	2.6
Latin America	1.4
Nimbo	2.8

A total of 46 countries is scheduled to receive some form of military aid in fiscal year 1972. In the case of 33 of these countries, military assistance is limited to training of their personnel, either in the United States or overseas. The bulk of the program, more than 88 percent, has been allocated to nine countries:

	<i>In millions</i>
Republic of Korea	\$239.4
Cambodia	200.0
Turkey	199.8
Indonesia	25.0
Greece	19.9
Republic of China	19.5
Philippines	17.0
Spain	13.0
Ethiopia	12.8
Total	646.4

¹ These are countries which, because of their geographical proximity to the U.S.S.R. and Communist China, are exposed to direct threat of Communist aggression but lack the resources to provide alone for their own internal and external assistance. The proposed program for these countries totals \$578.6 million.

Section 201(b)—Conditions of eligibility

This subsection amends section 505(b)(2) of the act which requires that the President determine, when furnishing assistance on a grant basis in excess of \$3 million, "that such defense articles will be utilized by such country for the maintenance of its own defensive strength, and the defensive strength of the free world." The committee amendment substitutes the word "or" for "and" so as to make clear that the President is not required to find that military assistance being provided will be utilized for the maintenance of the "defensive strength of the free world" along with the numerous other requirements of section 505(b).

Another reason for this change is that the President will not have to use his special waiver authority in order to provide urgently required military assistance to such neutral countries as Cambodia and Indonesia. Until now the President has used his waiver authority under section 614(a) for such assistance. Without this change, the worldwide ceiling of \$250 million in any fiscal year would be nearly exhausted for the Cambodian and Indonesian programs, leaving the President with almost no flexibility to meet other contingencies.

Section 201(c)—Special authority

This subsection amends section 506(a) of the act by renewing for 2 additional years the authority of the President to order defense articles from Department of Defense stocks to carry out the purposes of the military assistance program, subject to subsequent reimbursement therefor from military assistance funds. As in prior years this authority is limited to \$300 million for each of the fiscal years 1972 and 1973. Prompt notice of action taken under this section is required to be given to the Congress.

Section 201(d)—Repeal of section 510

Section 201(d) repeals section 510 of the act relating to restrictions on training foreign military students. That section, initiated in the Senate in 1969, stipulates that the number of MAP students to be trained in the United States must be limited to the number of foreign civilians brought to this country during the previous fiscal year under the Mutual Educational and Cultural Exchange Act of 1961 (Fulbright-Hays Act).

Last year, the committee's Subcommittee on National Security Policy and Scientific Developments conducted an intensive study of MAP training which included an investigation of the effects of section 510. It subsequently reported that the provision "has resulted in severe training cutbacks for some countries, has caused administrative difficulties for MAP officials and has introduced an element of inflexibility into the program not consistent with national security." Terming the limitation "arbitrary," the subcommittee recommended the provision be eliminated.

The committee concurred and voted to repeal the section.

Section 201(e)—Considerations in furnishing military assistance

This section provides for a new section 511 of the act requiring that decisions made to furnish military assistance shall take into account whether the assistance will:

- (1) contribute to an arms race;
- (2) increase the possibility of outbreak or escalation of conflict; or
- (3) prejudice the development of bilateral or multilateral arms control arrangements.

The committee recognizes that there are already a number of conditions of eligibility for providing military assistance. It is believed, however, that these additional requirements should be met as well.

SECTION 202—SECURITY SUPPORTING ASSISTANCE

Section 202(a)—Reenactment and authorization

This subsection adds a new chapter 4 to part II of the act entitled "Security Supporting Assistance." The sections in this chapter, which are numbered sections 531, 532, and 533, correspond to sections 401, 402, and 403, respectively, of the present chapter 4 of part I of the act. The name of this chapter has been changed from "Supporting Assistance" to "Security Supporting Assistance" to reflect more accurately the purposes of this form of assistance. The new section 532 authorizes the appropriation of \$800 million for each of the fiscal years 1972 and 1973 to carry out the purposes of this chapter.

The purpose of the transfer of these provisions from part I to part II is to separate clearly security supporting assistance from development assistance and to place the authority for security supporting assistance in the same part of the act as the authorities for military assistance already contained in part II of the act. Section 303 of the bill provides that the President shall appoint within the State Department a Coordinator for Security Assistance who will oversee and coordinate all aspects of security assistance, including security supporting assistance, military assistance, and foreign military sales and guaranties.

Section 202(b)—Repeal

This provision repeals chapter 4 of part I of the act which was re-enacted without change as chapter 4 of part II by subsection (a) of

this section. It also provides that existing and future references to chapter 4, or to part I or part II of the act, will not change the provisions of law, including implementing authorities, or other references applicable to supporting assistance, military assistance, or other types of assistance furnished under the act.

Security supporting assistance is an essential element in helping our friends and allies defend themselves. Of the \$847 million programmed for fiscal year 1972 under this chapter, \$762.2 million—or 90 percent—of the funds is programmed for the following four countries in Southeast Asia:

	<i>Millions</i>
Vietnam	\$565.0
Cambodia	110.0
Laos	47.2
Thailand	40.0
 Total	 762.2

Vietnam.—Of the amount proposed for Southeast Asia, three-fourths, or \$565 million, would be used in Vietnam. The principal objective of this program is to provide economic support so that the Government of Vietnam can take over the military burden of the war. In addition, the assistance will be used to maintain price stability; to assist the Government in caring for refugees, civilian war casualties, and other war victims; to provide support for the pacification program; and to move the South Vietnamese economy toward eventual self-sufficiency.

Cambodia.—The North Vietnamese and Vietcong invasion has caused severe economic dislocations. The U.S. program will finance imports which will offset losses in Cambodia's domestic production and exports caused by the war.

Laos.—The \$47.2 million of U.S. assistance will be used to control inflationary pressures threatening the country's economic and political stability, to relieve suffering caused by the war, and to help the Laotian Government provide essential services and facilities in rural areas.

Thailand.—In recent months, active Communist military operations have come closer to Thailand's border requiring an increased degree of preparedness in that country. The U.S. program is designed to assist in the improvement of Thailand's capacity to deal with the existing internal and external threat.

The remaining funds are programmed for a variety of other purposes and countries, including Jordan, Nigeria, and Haiti.

Israel.—The committee is aware that a request for assistance has been made to the executive branch by Israel to assist in meeting its urgent needs for foreign exchange and other requirements brought about through the Middle East hostilities. In the judgment of the committee, Israel is fully eligible to receive assistance under this chapter and believes that if the request for assistance is approved sufficient funds can be found either from existing availabilities or through the process of a supplemental authorization and appropriation. Although there was considerable sentiment in the committee to recommend a reduction in the amount of supporting assistance requested by the administration, the committee's recognition of the possible need of supporting assistance for Israel prompted it to recommend the full amount sought by the Executive.

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Investment insurance and guaranty authority in Southeast Asia

The committee considered an amendment to security supporting assistance which would have authorized AID to provide private investment incentives in Vietnam, Laos, and Cambodia in the form of investment insurance, guaranties, and surveys similar to those presently authorized by section 234 (a), (b), and (d) of the Foreign Assistance Act for the Overseas Private Investment Corporation (OPIC).

Although the proposed amendment was withdrawn after consideration by the committee, it was the view of the committee that the matter of providing incentives for private investments in Southeast Asia should receive further detailed study by an appropriate subcommittee.

It was also the view of the committee that pending the resolution of this question, neither AID nor OPIC should engage in providing further insurance, guaranties, or survey grants in Vietnam, Laos, and Cambodia.

PART III—GENERAL AND ADMINISTRATIVE PROVISIONS

SECTION 301—LOCAL CURRENCY UTILIZATION

This section amends section 612(d) of the act, relating to the use of foreign currencies, to authorize the President to utilize excess foreign currencies which the United States owns (other than those generated under the Agricultural Trade Development and Assistance Act of 1954) for mutually agreed upon programs for which new funds authorized by this act would be available.

The object is to use foreign currencies to promote development rather than let them remain idle. It is the expressed intention of the committee that these funds be used for such purposes notwithstanding the requirements of section 1415 of the Supplemental Appropriation Act, 1953. The United States owns large amounts of foreign currencies in a few countries which are major recipients of U.S. assistance. The United States would clearly benefit by having these excess currencies, which are not now being used because of difficulty in getting them appropriated, utilized for local development programs.

SECTION 302—AMENDMENTS TO SECTION 620 PROHIBITIONS

This section amends section 620 of the Foreign Assistance Act by adding two new subsections.

New subsection (v)—Prohibition on aid to Greece

Section 302 adds a new subsection (v) to section 620 of the act, providing that no assistance shall be furnished under the Foreign Assistance Act, and no sales made under the provisions of the Foreign Military Sales Act, to Greece. This restriction may be waived when the President finds that overriding requirements of the national security of the United States justify such waiver and promptly reports such finding to the Congress, in writing, together with his reasons for such a finding. In no event shall the aggregate amount of assistance furnished under the provisions of the Foreign Assistance Act and of sales made under the Foreign Military Sales Act in any fiscal

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year exceed the aggregate amount expended for such assistance and such sales for fiscal year 1971.

According to figures made available by the Department of Defense, the United States in fiscal year 1971 programmed \$35,333,000 grant military assistance to Greece under the provisions of the Foreign Assistance Act and planned to sell \$55 million worth of defense articles and services to Greece under the provisions of the Foreign Military Sales Act—a total of \$90,333,000.

Under the provisions of this section any future military assistance furnished or sales made to Greece should not exceed \$90,333,000. Since the fiscal year 1971 figures have not yet been consolidated, the actual ceiling cannot be established until these figures are available.

The committee took this action because it is of the opinion that the time has come for the United States to demonstrate to the Greek people that it does not approve of, or condone, the failure of the military dictatorship in that country to schedule parliamentary elections or otherwise to permit a restoration of constitutional processes in Greece.

While the committee realizes that this action will not assure a return to constitutional government in Greece, it will demonstrate to the people of that country that the Congress supports and encourages the rapid restoration of fundamental freedoms in Greece.

The committee is aware of the important role that Greece plays in the defense of the southeastern flank of the North Atlantic Treaty Organization (NATO) area and in the Mediterranean. The committee, therefore, provided the President with authority to waive the provisions of this section within the limitations specified.

Should it be necessary to exercise this authority, the President should make every effort to convince the junta in Athens that the United States is committed to democratic principles and that a failure to restore the constitutional processes of that country would prejudice United States-Greek relations.

New subsection (w)—Suspension of aid to Pakistan

Section 302 adds a new subsection (w) to section 620 of the act, providing for the suspension of all military, economic, and other assistance to the Government of Pakistan, including sales of military equipment and sales of agricultural commodities.

This suspension does not apply to the provision of food and other humanitarian assistance when such assistance is coordinated, distributed, and monitored under international auspices.

It is understood that this language would permit the use of the organization and facilities of the Government of Pakistan for the distribution of such humanitarian assistance provided that the standards determining eligibility for assistance and the allocation of assistance to areas or to segments of the population were appropriately supervised by an international organization or group of organizations.

Resumption of assistance to Pakistan is permitted when the President reports to the Congress that the Government of Pakistan is cooperating fully in allowing the situation in East Pakistan to return to reasonable stability and that refugees from East Pakistan in India have been allowed to the extent feasible to return to their homes and to reclaim their lands and properties.

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Section 303 amends section 624 of the act by adding a new subsection (e), which provides that the President shall appoint an officer to coordinate security assistance programs. This officer shall be compensated at the rate provided for by level III of the Executive Schedule (5 U.S.C. 5314).

Under the President's proposed reorganization for the foreign assistance program, a number of administrative and legislative actions were planned which would have created a separate organization within the Department of State for the management of security supporting assistance now administered by AID. The purpose was to distinguish clearly between the various security related activities and programs for development and humanitarian assistance. To provide the coordination, management and policy direction of security assistance, including military assistance and military sales, it was proposed that a new position of Coordinator at the Under Secretary level and two additional Assistant Secretaries of State be provided.

The committee has not completed its action on the proposed reorganization, but it recognizes the urgent need for better coordination by the Department of State of the various security assistance programs conducted by State, the Department of Defense, and AID. Therefore, the committee authorized as a first step the creation in the Department of State of the position of Coordinator of Security Assistance at the Under Secretary level. This will enable the President, the Secretary of State, and the Secretary of Defense to evaluate the total security interest of the United States and coordinate fully military and security supporting assistance programs. The change will also permit the Department of State and AID to begin the necessary studies and prepare the legislative and other actions which are required for the orderly transfer of security supporting assistance personnel and functions to State.

The committee recognizes that in view of the magnitude of the programs involved, the proposed transfer to State will have major organizational, functional, and staffing implications in both AID and State. Included among the important administrative steps that will have to be taken in efficiently establishing a security supporting assistance organization within the Department of State are:

- (a) the identification and selection of personnel and positions to be transferred including all the necessary steps to protect employee rights;
- (b) the identification of functions to be transferred; and
- (c) the identification and agreement on the areas of "common services" which will be either transferred to State or performed by AID on a cost-reimbursable basis.

The committee understands that AID has already created a position of coordinator for supporting assistance and is in the process of establishing a Supporting Assistance Bureau within AID. This should facilitate the eventual transition of these functions to the Department of State.

SECTION 304—ADMINISTRATIVE EXPENSES

Section 304(a) amends section 637(a) of the act relating to administrative expenses by deleting the authorization of \$51 million for each of the fiscal years 1970 and 1971 and inserting an authorization of \$57,600,000 for each of the fiscal years 1972 and 1973.

The total availability for administrative expenses during fiscal year 1971 was \$60,944,000, comprising an appropriation of \$51 million together with unobligated funds carried over, reimbursements, and transfers from other AID appropriations made under the authority of supplemental appropriation acts.

Section 304(b) adds a new subsection (c) to section 637 of the act. The new language authorizes the transfer of not more than \$2,755,000 of part I funds to administrative expenses in order to meet mandatory Federal salary increases. Under existing law it is not possible to use the transfer authority of the act to augment administrative expenses for this purpose. In order to meet the annualization cost of salary increases granted in January 1971 and in anticipation of further salary increases during the next 2 years it is necessary to authorize the transfer of funds from other authorizations in part I to administrative expenses. Without such authority it would be necessary to increase the administrative expenses authorization.

SECTION 305—CARRYOVER AUTHORIZATION

Section 305 provides that authorized but unappropriated amounts for fiscal year 1972 may be carried over to fiscal year 1973 and combined with authorizations made for the latter year. It is applicable to the Foreign Assistance Act and to the Foreign Military Sales Act.

This authority is similar to that in existing law regarding authorizations for the Development Loan Fund. It permits a reasonable level of foreign assistance appropriations to be requested for fiscal year 1973 so that an adequate program can be carried out in that year. The provision does not affect the total amount authorized in the bill. It would come into play only if the amount appropriated for fiscal year 1972 is below the amount authorized, and then only to the extent of the reduction.

PART IV—AMENDMENTS TO OTHER LAWS

SECTION 401—FOREIGN MILITARY SALES ACT

Section 401(a)—Credit sales terms

This subsection amends section 23 of the Foreign Military Sales Act which deals with credit sales by extending from 10 to 20 years the length of time for which credit may be extended. The objective of this extended term for concessional sales is to permit earlier participation by some recipient countries in the financing of their own essential defense needs. Grant assistance will remain necessary for some nations whose resources are inadequate to meet their needs. By increasing the repayment terms to 20 years, countries will be able to finance more of their own security programs and to depend less on the United States.

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Section 401(b)—Authorization

This subsection amends section 31(a) of the Foreign Military Sales Act by authorizing the appropriation of \$510 million for each of the fiscal years 1972 and 1973 to carry out the purposes of the act.

Section 401(c)—Aggregate ceiling

This section amends section 31(b) of the Foreign Military Sales Act by raising the foreign military credit sales ceiling to \$582 million for each of the fiscal years 1972 and 1973.

Section 401(d)—Limitation on military assistance and sales to Latin America

Section 401(d) amends section 33(a) of the act by raising the ceiling of the total amount of military assistance and sales to Latin America in each fiscal year from \$75 million to \$150 million.

This change was recommended by the President. It is designed to enable the United States to be more responsive to legitimate requests for conventional military hardware and spare parts originating in Latin America.

The existing ceiling has not held down the military expenditures of the governments of Latin America. When they could not buy from U.S. sources, they increased their purchases from other countries, frequently procuring more sophisticated and more expensive items than necessary.

Bearing in mind that Latin America spends only about 2 percent of its gross product for military purposes; that a significant portion of the military equipment owned by the Latin American countries is either worn or obsolete and in need of replacement; that in recent years the United States has provided only a small share of replacement military equipment desired and purchased abroad by the Latin American governments; and that in the opinion of the executive branch, the proposed change is consistent with the maintenance of friendly relations with the other nations of this hemisphere, the committee finds the \$150 million ceiling reasonable.

Section 401(e)—Waiver authority

Section 401(e) amends section 33(c) of the act by limiting the President's authority to waive the regional ceilings on foreign military assistance and sales. The amendment authorizes the President to waive the ceiling only in cases involving the "overriding requirements of the national security of the United States"; and requires that upon granting the waiver, he must promptly furnish the Congress with a full explanation of the reasons for his action, and a detailed breakdown of the transactions he proposes to make in excess of the relevant geographical limitation. In no event may the aggregate of the total amount of military assistance and sales to a given region exceed the statutory ceiling by more than 50 percent.

This reflects the committee's strong conviction that the statutory limitations on military assistance and sales to the developing countries should not be waived except under the most serious circumstances.

Section 401(f)—Considerations in making sales

This section amends section 42(a) of the Foreign Military Sales Act relating to general provisions to require that in evaluating any

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proposed sale there shall be taken into consideration the extent to which such sale might contribute to an arms race, or increase the possibility of outbreak or escalation of conflict, or prejudice the development of bilateral or multilateral arms control arrangements.

SECTION 402—EXCESS DEFENSE ARTICLES

Section 402 amends section 8(b) of the act of January 12, 1971 (Public Law 91-672, 84 Stat. 2053), by increasing from \$100 million to \$220 million the value of excess defense articles which may be ordered during any fiscal year before the value of these articles is considered military assistance to be charged against funds appropriated under part II of the act.

Raising this ceiling on the amount of excess property that can be used will permit a more effective use of the excess military equipment that is becoming available from Vietnam and as a result of the reduction of U.S. forces elsewhere abroad. Utilizing excess military equipment rather than resorting to new procurement for grant military assistance can result in substantial savings for the United States.

SECTION 403—AMENDMENT TO TITLE 5

This section amends paragraph 9 of section 5314, title 5, United States Code, which relates to level III of the Executive Schedule (\$40,000 per year), by adding the position of Under Secretary of State for Coordinating Security Assistance Programs. The position of Coordinator is established by section 303 of this bill.

SECTION 404—INTERPARLIAMENTARY UNION

Section 404 amends the 1953 act, as amended, authorizing U.S. participation in the Interparliamentary Union. It increases the annual authorization of an appropriation from \$53,500 to \$83,000. Of this latter sum, \$38,000 is for the annual U.S. contribution toward the maintenance of the Bureau of the Interparliamentary Union and \$45,000 is for the purpose of defraying the expenses of the American group of Members of Congress who participate. These increases arise from a more active role by the Interparliamentary Union and from greater U.S. participation in its deliberations as well as from the revaluation of the Swiss franc which is the currency unit used to settle its accounts.

SECTION 405—PARLIAMENTARY CONFERENCES OF THE NORTH ATLANTIC TREATY ORGANIZATION

Section 405 amends the 1956 act, as amended, authorizing U.S. participation in parliamentary conferences of the North Atlantic Treaty Organization. The current authorization is \$30,000—\$15,000 for the House and \$15,000 for the Senate. The new authorization raises the total to \$50,000 to be equally divided between the two bodies. The activities of this organization during the past few years have increased, reflecting greater interest on the part of all the participants in the wide range of issues that confront the NATO countries.

SECTION 406—INTER-AMERICAN FOUNDATION

Paragraphs (1), (2) and (3)—New name

Paragraphs (1), (2), and (3) of section 406 amend part IV of Public Law 91-175, enacted December 30, 1969, by changing the name of the Inter-American Social Development Institute to that of the Inter-American Foundation.

This change was recommended by the executive branch. Its purpose is to facilitate the carrying out of this agency's legislative mandate on the people-to-people and institution-to-institution levels in Latin America and the Caribbean.

Paragraph (4)—Representation

Paragraph (4) amends section 401(e)(4) of Public Law 91-175 by authorizing the Foundation to determine how its expenses for representation shall be allowed and paid, and by limiting such expenses to not more than \$10,000 in any fiscal year.

Paragraph (5)—Chief executive officer

Subparagraph (1)(1) of paragraph (5) amends section 401(l) of Public Law 91-175 by changing the designation of the chief executive officer of the Foundation from that of "Executive Director" to "President".

Paragraph (5)—Experts and consultants

Subparagraph (1)(2)(A) further amends section 401(l) of Public Law 91-175 to authorize the Foundation to employ experts and consultants in accordance with the authority contained in 5 U.S.C. 3109. Under the provisions of that section experts and consultants are limited to temporary or intermittent employment. Temporary employment is defined as not in excess of 1 year.

Paragraph (5)—Dual compensation

Subparagraph (1)(2)(B) further amends section 401(l) of Public Law 91-175 by waiving various provisions of law limiting dual compensation during the period of employment by the Foundation as an expert or consultant. These provisions cover retired civilian government personnel, retired military personnel, and those who retired under the provisions of the Foreign Service Act. The projects in which the Foundation is engaged may require studies or analyses that can best be performed by individuals or organizations with special training or background and often in a relatively short period of time. It is more economical to use this kind of service rather than add personnel to the permanent payroll.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

THE FOREIGN ASSISTANCE ACT OF 1961

AN ACT To promote the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic development and internal and external security, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as "The Foreign Assistance Act of 1961".

PART I

* * * * *

CHAPTER 2—DEVELOPMENT ASSISTANCE

TITLE 1—DEVELOPMENT LOAN FUND

* * * * *

SEC. 202. AUTHORIZATION.—(a) There is hereby authorized to be appropriated to the President for the purposes of this title \$685,000,000 for the fiscal year 1967, \$450,000,000 for the fiscal year 1968, \$350,000,000 for the fiscal year 1969, \$350,000,000 for the fiscal year 1970, [and] \$350,000,000 for the fiscal year 1971, \$400,000,000 for the fiscal year 1972, and \$450,000,000 for the fiscal year 1973, which sums shall remain available until expended: *Provided*, That any unappropriated portion of the amount authorized to be appropriated for any such fiscal year may be appropriated in any subsequent fiscal year during the above period in addition to the amount otherwise authorized to be appropriated for such subsequent fiscal year: *Provided further*, That in order to effectuate the purposes and provisions of sections 102, 201, 601, and 602 of this Act, not less than 50 per centum of the funds appropriated pursuant to this subsection for each of the fiscal years ending June 30, 1970, [and] June 30, 1971, June 30, 1972, and June 30, 1973, shall be available for loans made to encourage economic development through private enterprises.

* * * * *

SEC. 203. FISCAL PROVISIONS.—Dollar receipts from loans made pursuant to this part and from loans made under [the Mutual Security Act of 1954, as amended,] predecessor foreign assistance legislation are authorized to be made available for the fiscal year 1970 [and], for the fiscal year 1971, for the fiscal year 1972, and for the fiscal year 1973, for use for the purpose of this title, for loans under title VI, and for

the purposes of section 232. Such receipts and other funds made available under this section shall remain available until expended.

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CHAPTER 2—DEVELOPMENT ASSISTANCE

* * * * *

TITLE II—TECHNICAL COOPERATION AND DEVELOPMENT GRANTS

* * * * *

SEC. 212. AUTHORIZATION.—To carry out the purposes of section 211, there is authorized to be appropriated to the President [§183,-500,000 for the fiscal year 1970, and] \$183,500,000 for the fiscal year [1971] 1972, and \$183,500,000 for the fiscal year 1973, which amounts are authorized to remain available until expended.

SEC. 213. ATOMS FOR PEACE.— * * * [Repealed—1962]

SEC. 214. AMERICAN SCHOOLS AND HOSPITALS ABROAD.—(a) The President is authorized to furnish assistance, on such terms and conditions as he may specify, to schools and libraries outside the United States founded or sponsored by United States citizens and serving as study and demonstration centers for ideas and practices of the United States.

(b) The President is authorized, notwithstanding the provisions of the Mutual Defense Assistance Control Act of 1951 (22 U.S.C. 1611 et seq.), to furnish assistance, on such terms and conditions as he may specify, to institutions referred to in subsection (a) of this section, and to hospital centers for medical education and research outside the United States, founded or sponsored by the United States citizens.

(c) There is hereby authorized to be appropriated to the President for the purposes of this section, for the fiscal year [1970, \$25,900,000, and for the fiscal year 1971, \$12,900,000] 1972, \$30,000,000, and for the fiscal year 1973, \$30,000,000, which amounts are authorized to remain available until expended. Amounts appropriated under this subsection for the fiscal year 1970 shall be available solely in accordance with the allocations set forth on pages 25 and 26 of House Report No. 91-611 and on page 23 of Senate Report No. 91-603.

(d) There is authorized to be appropriated to the President for the purposes of section 214(b), in addition to funds otherwise available for such purposes, for the fiscal year 1970, \$3,000,000 in foreign currencies which the Secretary of the Treasury determines to be excess to the normal requirements of the United States. Foreign currencies appropriated under this subsection shall be available for expenditure solely in accordance with the allocation set forth on page 23 of Senate Report No. 91-603.

* * * * *

SEC. 220A. SUEZ CANAL.—The President is authorized to furnish financial assistance, on such terms and conditions as he may determine, for assisting in the reopening of the Suez Canal after agreement has been reached by the parties involved, which agreement provides for the use of the Canal by the ships of all nations, including Israel, on a nondiscriminatory basis. For the purpose of carrying out this section, there are authorized to be appropriated such sums in Egyptian pounds now owned by the United States and determined by the President to be excess to the normal require-

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ments of departments and agencies of the United States. Amounts appropriated under this section are authorized to remain available until expended.

TITLE III—HOUSING GUARANTIES

SEC. 221. WORLDWIDE HOUSING GUARANTIES.—In order to facilitate and increase the participation of private enterprise in furthering the development of the economic resources and productive capacities of less developed friendly countries and areas, and promote the development of thrift and credit institutions engaged in programs of mobilizing local savings for financing the construction of self-liquidating housing projects and related community facilities, the President is authorized to issue guaranties, on such terms and conditions as he shall determine, to eligible investors as defined in section 238(c), assuring against loss of loan investments for self-liquidating housing projects. The total face amount of guaranties issued hereunder, outstanding at any one time, shall not exceed ~~[\$130,000,000]~~ \$230,000,000. Such guaranties shall be issued under the conditions set forth in section 222(b) and section 223.

SEC. 222. HOUSING PROJECTS IN LATIN AMERICAN COUNTRIES.—(a) The President shall assist in the development in the American Republics of self-liquidating housing projects, the development of institutions engaged in Alliance for Progress programs, including cooperatives, free labor unions, savings and loan type institutions, and other private enterprise programs in Latin America engaged directly or indirectly in the financing of home mortgages, the construction of homes for lower income persons and families, the increased mobilization of savings and improvement of housing conditions in Latin America.

(b) To carry out the purposes of subsection (a), the President is authorized to issue guaranties, on such terms and conditions as he shall determine, to eligible investors, as defined in section 238(c), assuring against loss of loan investment made by such investors in—

(1) private housing projects in Latin America of types similar to those insured by the Department of Housing and Urban Development and suitable for conditions in Latin America;

(2) credit institutions in Latin America engaged directly or indirectly in the financing of home mortgages, such as savings and loan institutions and other qualified investment enterprises;

(3) housing projects in Latin America for lower income families and persons, which projects shall be constructed in accordance with maximum unit costs established by the President for families and persons whose incomes meet the limitations prescribed by the President;

(4) housing projects in Latin America which will promote the development of institutions important to the success of the Alliance for Progress, such as free labor unions, cooperatives, and other private enterprise programs; or

(5) housing projects in Latin America, 25 per centum or more of the aggregate of the mortgage financing for which is made available from sources within Latin America and is not derived from sources outside Latin America, which projects shall, to the maximum extent practicable, have a unit cost of not more than \$8,500.

(c) The total face amount of guaranties issued hereunder or heretofore under Latin American housing guaranty authority repealed by

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the Foreign Assistance Act of 1969, outstanding at any one time, shall not exceed \$550,000,000: *Provided*, That \$325,000,000 of such guarantees may be used only for the purposes of subsection (b)(1).

SEC. 223. GENERAL PROVISIONS.—(a) * * *

* * * * * * *
(i) The authority of section 221 and section 222 shall continue until June 30, [1972] 1974.

* * * * * * *

TITLE VI—ALLIANCE FOR PROGRESS

SEC. 252. AUTHORIZATION.—(a) There is authorized to be appropriated to the President for the purposes of this title, in addition to other funds available for such purposes, for the fiscal year [1970, \$428,250,000, and for the fiscal year 1971, \$428,250,000] 1972, \$378,-250,000 and for the fiscal year 1973, \$428,250,000, which amounts are authorized to remain available until expended, and which amounts, except for not to exceed \$90,750,000 for each such fiscal year, shall be available only for loans payable as to principal and interest in United States dollars. In order to effectuate the purposes and provisions of sections 102, 251, 601, and 602 of this Act, not less than 50 per centum of the loan funds appropriated pursuant to this section for any fiscal year shall be available for loans made to encourage economic development through private enterprise.

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TITLE X—PROGRAMS RELATING TO POPULATION GROWTH

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[SEC. 292. AUTHORIZATION.—Of the funds provided to carry out the provisions of part I of this Act for the fiscal year 1970, \$75,000,000, and for the fiscal year 1971, \$100,000,000 shall be available only to carry out the purposes of this title and, notwithstanding any other provision of this Act, funds used for such purposes may be used on a loan or grant basis.]

SEC. 292. AUTHORIZATION.—To carry out the purposes of this title, there is authorized to be appropriated to the President \$100,000,000 for the fiscal year 1972 and \$125,000,000 for the fiscal year 1973, which amounts are authorized to remain available until expended. Other funds provided to carry out the provisions of part I of this Act shall also be available to carry out the purposes of this title and, notwithstanding any other provision of this Act, funds used for such purposes may be used on a loan or grant basis.

* * * * * * *

CHAPTER 3—INTERNATIONAL ORGANIZATIONS AND PROGRAMS

* * * * * * *

SEC. 302. AUTHORIZATION.—(a) There is authorized to be appropriated to the President for grants to carry out the purposes of this chapter, in addition to funds available under any other Act for such

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purposes, for the fiscal year [1970, \$122,620,000, and for the fiscal year 1971, \$122,620,000] 1972, \$143,000,000, and for the fiscal year 1973, \$143,000,000.

(b)(1) There is authorized to be appropriated to the President for loans for Indus Basin Development to carry out the purposes of this section, in addition to funds available under this or any other Act for such purposes, for use beginning in the fiscal year 1969, \$51,220,000. Such amounts are authorized to remain available until expended.

(2) There is authorized to be appropriated to the President for grants for Indus Basin Development, in addition to any other funds available for such purposes, for use in the fiscal year [1970, \$7,530,000, and for use in the fiscal year 1971, \$7,530,000] 1972, \$5,000,000, and for use in the fiscal year 1973, \$10,000,000, which amounts shall remain available until expended.

(c) None of the funds available to carry out this chapter shall be contributed to any international organization or to any foreign government or agency thereof to pay the costs of developing or operating any volunteer program of such organization, government, or agency relating to the selection, training, and programming of volunteer manpower.

(d) There is authorized to be appropriated to the President, for the fiscal year 1969, \$1,000,000 for contributions to the United Nations Children's Fund during the calendar year 1969. Funds made available under this section shall be in addition to funds available under this or any other Act for such contributions and shall not be taken into account in computing the aggregate amount of United States contributions to such fund for the calendar year 1969.

(e) There is authorized to be appropriated [\$1,000,000 for the fiscal year 1970 and] \$1,000,000 for the fiscal year [1971] 1972 and \$1,000,000 for the fiscal year 1973 to provide added contributions to the United Nations Relief and Works Agency for expansion of technical and vocational training of Arab refugees.

(f) There are authorized to be appropriated to the President, in addition to other amounts available for such purposes, \$1,000,000 for the fiscal year 1972 and \$1,000,000 for the fiscal year 1973, in Egyptian pounds owned by the United States and determined by the President to be excess to the requirements of departments and agencies of the United States, for the purpose of providing technical and vocational training and other assistance to Arab refugees. Amounts appropriated under this subsection are authorized to remain available until expended.

* * * * *

CHAPTER 4—SUPPORTING ASSISTANCE

SEC. 401. GENERAL AUTHORITY.—The President is authorized to furnish assistance to friendly countries, organizations, and bodies eligible to receive assistance under this part on such terms and conditions as he may determine, in order to support or promote economic or political stability. The authority of this chapter shall not be used to furnish assistance to more than twelve countries in any fiscal year.

SEC. 402. AUTHORIZATION.—There is authorized to be appropriated to the President to carry out the purposes of this chapter for the

fiscal year 1970 not to exceed \$414,600,000, and for the fiscal year 1971 not to exceed \$414,600,000: *Provided*, That where commodities are furnished on a grant basis under this chapter under arrangements which will result in the accrual of proceeds to the Government of Vietnam from the sale thereof, arrangements should be made to assure that such proceeds will not be budgeted by the Government of Vietnam for economic assistance projects or programs unless the President or his representative has given his prior written approval. Amounts appropriated under this section are authorized to remain available until expended. None of the funds authorized by this section shall be made available to the Government of Vietnam unless, beginning in January 1971, and quarterly thereafter, the President of the United States shall determine that the accommodation rate of exchange between said Government and the United States is fair to both countries.

【Sec. 403. UNITED STATES REFUND CLAIMS.—It is the sense of the Congress that the President should seek the agreement of the Government of Vietnam to the establishment and maintenance of a separate special account of United States dollars, which account shall be available solely for withdrawals by the United States, at such times and in such amounts as the President may determine, in satisfaction of United States dollar refund claims against the Government of Vietnam arising out of operations conducted under this Act. Such account should be established in an amount not less than \$10,000,000 and maintained thereafter at a level sufficient to cover United States refund claims as they arise.】

CHAPTER 5—CONTINGENCY FUND

SEC. 451. CONTINGENCY FUND.—(a) There is hereby authorized to be appropriated to the President for the fiscal year [1970 not to exceed \$15,000,000, and for the fiscal year 1971 not to exceed \$30,000,000] 1972 not to exceed \$30,000,000, and for the fiscal year 1973 not to exceed \$50,000,000, for use by the President for assistance authorized by part I in accordance with the provisions applicable to the furnishing of such assistance, when he determines such use to be important to the national interest: *Provided*, That, in addition to any other sums available for such purpose, \$15,000,000 of the amount authorized for the fiscal year 1971 may be used only for the purpose of relief, rehabilitation, and reconstruction assistance for the benefit of cyclone, tidal wave, and flood victims in East Pakistan.

(b) The President shall provide quarterly reports to the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Speaker of the House of Representatives on the programming and the obligation of funds under subsection (a).

* * * * *

CHAPTER 8—INTERNATIONAL NARCOTICS CONTROL

SEC. 481. INTERNATIONAL NARCOTICS CONTROL.—It is the sense of the Congress that effective international cooperation is necessary to put an end to the illicit production, trafficking in, and abuse of dangerous drugs. In order to promote such cooperation, the President is authorized to conclude agreements with other countries to facilitate control of the

production, processing, transportation, and distribution of narcotic analgesics, including opium and its derivatives, other narcotic drugs and psychotropics as defined in the Comprehensive Drug Abuse Prevention and Control Act of 1970 (Public Law 91-513). Notwithstanding any other provision of law, the President is authorized to furnish assistance to any country or international organization, on such terms and conditions as he may determine, for the control of the production of, processing of, and traffic in, narcotic and psychotropic drugs. In furnishing such assistance the President may use any of the funds made available to carry out the provisions of this Act. The President shall suspend economic and military assistance furnished under this or any other Act, and shall suspend sales under the Foreign Military Sales Act and under title I of the Agricultural Trade Development and Assistance Act of 1954, with respect to any country when the President determines that the government of such country has failed to take adequate steps to prevent narcotic drugs (as defined by the Comprehensive Drug Abuse Prevention and Control Act of 1970) produced or processed, in whole or in part, in such country from being sold illegally within the jurisdiction of such country to United States Government personnel or their dependents, or from entering the United States unlawfully. Such suspension shall continue until the President determines that the government of such country has taken adequate steps to carry out the purposes of this chapter.

CHAPTER 9—REFUGEE RELIEF ASSISTANCE

SEC. 491. REFUGEE RELIEF ASSISTANCE.—There is authorized to be appropriated to the President for the fiscal year 1972, in addition to funds otherwise available for such purpose, not to exceed \$100,000,000 to remain available until expended, for use by the President in providing assistance for the relief and rehabilitation of refugees from East Pakistan and for humanitarian relief in East Pakistan.

PART II

* * * * *

CHAPTER 2—MILITARY ASSISTANCE

* * * * *

SEC. 504. AUTHORIZATION.—(a) There is authorized to be appropriated to the President to carry out the purposes of this part not to exceed [\$350,000,000 for the fiscal year 1970, and \$350,000,000 for the fiscal year 1971] \$705,000,000 for the fiscal year 1972 and \$705,000,000 for the fiscal year 1973: Provided, That funds made available for assistance under this chapter (other than training in the United States) shall not be used to furnish assistance in more than forty countries in any fiscal year: Provided further, That none of the funds appropriated pursuant to this subsection shall be used to furnish sophisticated weapons systems, such as missile systems and jet aircraft for military purpose, to any underdeveloped country, unless the President determines that the furnishing of such weapons systems is important to the national security of the United States and reports within thirty days each such determination to the Congress. Amounts appropriated

under this subsection are authorized to remain available until expended. Amounts appropriated under this subsection shall be available for cost-sharing expenses of United States participation in the military headquarters and related agencies program.

(b) In order to make sure that a dollar spent on military assistance to foreign countries is as necessary as a dollar spent for the United States military establishment, the President shall establish procedures for programming and budgeting so that programs of military assistance come into direct competition for financial support with other activities and programs of the Department of Defense.

SEC. 505. Conditions of Eligibility.—(a) * * *

(b) No defense articles shall be furnished on a grant basis to any country at a cost in excess of \$3,000,000 in any fiscal year unless the President determines—

(1) that such country conforms to the purposes and principles of the Charter of the United Nations;

(2) that such defense articles will be utilized by such country for the maintenance of its own defensive strength, [and] or the defensive strength of the free world;

(3) that such country is taking all reasonable measures, consistent with its political and economic stability, which may be needed to develop its defense capacities; and

(4) that the increased ability of such country to defend itself is important to the security of the United States.

* * * * *

SEC. 506. SPECIAL AUTHORITY.—(a) During the fiscal year [1970] 1972 and the fiscal year [1971] 1973, the President may, if he determines it to be vital to the security of the United States, order defense articles from the stocks of the Department of Defense and defense services for the purposes of part II, subject to subsequent reimbursement therefor from subsequent appropriations available for military assistance. The value of such orders under this subsection in each of the fiscal years [1970] 1972 and [1971] 1973, shall not exceed \$300,000,000. Prompt notice of action taken under this subsection shall be given to the Committees on Foreign Relations, Appropriations, and Armed Services of the Senate and the Speaker of the House of Representatives.

* * * * *

[SEC. 510. RESTRICTIONS ON TRAINING FOREIGN MILITARY STUDENTS.—The number of foreign military students to be trained in the United States in any fiscal year, out of funds appropriated pursuant to this part, may not exceed a number equal to the number of foreign civilians brought to the United States under the Mutual Educational and Cultural Exchange Act of 1961 in the immediately preceding fiscal year.]

SEC. 511. CONSIDERATIONS IN FURNISHING MILITARY ASSISTANCE.—Decisions to furnish military assistance made under this part shall take into account whether such assistance will—

(1) contribute to an arms race;

(2) increase the possibility of outbreak or escalation of conflict; or

(3) prejudice the development of bilateral or multilateral arms control arrangements.

* * * * *

CHAPTER 4—SECURITY SUPPORTING ASSISTANCE

SEC. 531. GENERAL AUTHORITY.—The President is authorized to furnish assistance to friendly countries, organizations, and bodies eligible to receive assistance under this Act on such terms and conditions as he may determine, in order to support or promote economic or political stability. The authority of this chapter shall not be used to furnish assistance to more than twelve countries in any fiscal year.

SEC. 532. AUTHORIZATION.—There is authorized to be appropriated to the President to carry out the purposes of this chapter for the fiscal year 1972 not to exceed \$800,000,000, and for the fiscal year 1973 not to exceed \$800,000,000: Provided, That where commodities are furnished on a grant basis under this chapter under arrangements which will result in the accrual of proceeds to the Government of Vietnam from the sale thereof, arrangements should be made to assure that such proceeds will not be budgeted by the Government of Vietnam for economic assistance projects or programs unless the President or his representative has given prior written approval. Amounts appropriated under this section are authorized to remain available until expended. None of the funds authorized by this section shall be made available to the Government of Vietnam unless, beginning in January 1971, and quarterly thereafter, the President of the United States shall determine that the accommodation rate of exchange between said Government and the United States is fair to both countries.

SEC. 533. UNITED STATES REFUND CLAIMS.—It is the sense of the Congress that the President should seek the agreement of the Government of Vietnam to the establishment and maintenance of a separate special account of United States dollars, which account shall be available solely for withdrawals by the United States, at such times and in such amounts as the President may determine, in satisfaction of United States dollar refund claims against the Government of Vietnam arising out of operations conducted under this Act. Such account should be established in an amount not less than \$10,000,000 and maintained thereafter at a level sufficient to cover United States refund claims as they arise.

PART III

CHAPTER 1—GENERAL PROVISIONS

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*SEC. 612. USE OF FOREIGN CURRENCIES.—(a) * * **

* * * * *

[d] In furnishing assistance under this Act to the government of any country in which the United States owns excess foreign currencies as defined in subsection (b) of this section, except those currencies generated under the Agricultural Trade Development and Assistance Act of 1954, as amended, the President shall endeavor to obtain from the recipient country an agreement for the release, on such terms and conditions as the President shall determine, of an amount of such currencies up to the equivalent of the dollar value of assistance furnished by the United States for programs as may be mutually agreed upon by the recipient country and the United States to carry out the purposes for which new funds authorized by this Act would themselves be available.]

(d) In furnishing assistance under this or any other Act in or to any country in which the United States owns foreign currencies determined

by the United States Treasury to be excess to the needs of the United States Government, except those currencies generated under the Agricultural Trade Development and Assistance Act of 1954, as amended, the President is authorized to utilize such currencies to the extent agreed upon with the government of such country to carry out purposes for which new funds authorized by this Act would be available.

* * * *

SEC. 620. PROHIBITIONS AGAINST FURNISHING ASSISTANCE.—
(a) *

* * * *

(v) No assistance shall be furnished under this Act, and no sales shall be made under the Foreign Military Sales Act, to Greece. This restriction may not be waived pursuant to any authority contained in this Act unless the President finds that overriding requirements of the national security of the United States justify such a waiver and promptly reports such finding to the Congress in writing, together with his reasons for such finding. Notwithstanding the preceding sentence, in no event shall the aggregate amount of (1) assistance furnished to Greece under this Act, and (2) sales made to Greece under the Foreign Military Sales Act, in any fiscal year, exceed the aggregate amount expended for such assistance and such sales for the fiscal year 1971.

(w)(1) All military, economic, or other assistance to the government of Pakistan, all sales of military equipment, and all sales of agricultural commodities (whether for cash, credit, or by other means), under this or any other Act, shall be suspended on the date of enactment of this subsection.

(2) The provisions of this subsection shall cease to apply when the President reports to the Congress that the government of Pakistan is cooperating fully in allowing the situation in East Pakistan to return to reasonable stability and that refugees from East Pakistan in India have been allowed, to the extent feasible, to return to their homes and to reclaim their lands and properties.

(3) Nothing in this section shall apply to the provision of food and other humanitarian assistance which is coordinated, distributed, and monitored under international auspices.

CHAPTER 2—ADMINISTRATIVE PROVISIONS

* * * *

SEC. 624. STATUTORY OFFICERS.—(a) *

* * * *

(e) In addition to the officers otherwise provided for in this section, the President shall appoint, by and with the advice and consent of the Senate, one officer for the purpose of coordinating security assistance programs. Such officer shall receive compensation at the rate provided for level III of the Executive Schedule established by section 5314 of title 5, United States Code.

* * * *

SEC. 637. ADMINISTRATIVE EXPENSES.—(a) There is hereby authorized to be appropriated to the President for the fiscal year [1970,

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\$51,125,000, and for the fiscal year 1971, \$51,125,000] 1972, \$57,600,000, and for the fiscal year 1973 \$57,600,000, for necessary administrative expenses of the agency primarily responsible for administering part I. The agency administering part I shall reduce the number of personnel, particularly administrative personnel, employed by it in order to conduct operations with the reduced amount of funds authorized for fiscal year 1969, except that such agency shall not take any action to limit or reduce auditing or training activities of such agency.

(b) There is hereby authorized to be appropriated such amounts as may be necessary from time to time for administrative expenses which are incurred for functions of the Department of State under this Act and unrepealed provisions of the Mutual Security Act of 1954, as amended, or for normal functions of the Department of State which relate to such functions.

(c) Notwithstanding any other provision of law, not more than \$2,755,000 of the funds made available for each of the fiscal years 1972 and 1973 for carrying out part I of this Act may be used to carry out the purposes of subsections (a) and (b) of this section.

FOREIGN MILITARY SALES ACT

* * * * *

CHAPTER 2—FOREIGN MILITARY SALES AUTHORIZATIONS

* * * * *

SEC. 23. CREDIT SALES.—The President is hereby authorized to finance procurements of defense articles and defense services by friendly countries and international organizations on terms of repayment to the United States Government of not less than the value thereof in United States dollars within a period not to exceed [ten] twenty years after the delivery of the defense articles or the rendering of the defense services.

* * * * *

CHAPTER 3—MILITARY EXPORT CONTROLS

SEC. 31. AUTHORIZATION AND AGGREGATE CEILING ON FOREIGN MILITARY SALES CREDITS.—(a) There is hereby authorized to be appropriated to the President to carry out this Act not to exceed [\$250,000,000] \$510,000,000 for each of the fiscal years [1970 and 1971] 1972 and 1973. Unobligated balances of funds made available pursuant to this section are hereby authorized to be continued available by appropriations legislation to carry out this Act.

(b) The aggregate total of credits, or participations in credits, extended pursuant to this Act (excluding credits covered by guarantees issued pursuant to section 24(b)) and of the face amount of guarantees issued pursuant to sections 24 (a) and (b) shall not exceed [\$340,000,000] \$582,000,000 for each of the fiscal years [1970 and 1971] 1972 and 1973.

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SEC. 33. REGIONAL CEILINGS ON FOREIGN MILITARY SALES.—(a) The aggregate of the total amount of military assistance pursuant to the Foreign Assistance Act of 1961, as amended, of cash sales pursuant to sections 21 and 22, of credits, or participations in credits, financed pursuant to section 24(b)), of the face amount of contracts of guaranty issued pursuant to sections 24 (a) and (b), and of loans and sales in accordance with section 7307 of title 10, United States Code, shall, excluding training, not exceed [\$75,000,000] \$150,000,000 in each fiscal year for Latin American countries.

(b) The aggregate of the total amount of military assistance pursuant to the Foreign Assistance Act of 1961, as amended, of cash sales pursuant to sections 21 and 22, of credits, or participations in credits, financed pursuant to section 23 (excluding credits covered by guaranties issued pursuant to section 24(b)), and of the face amount of contracts or guaranty issued pursuant to sections 224 (a) and (b) shall, excluding training, not exceed \$40,000,000 in each fiscal year for African countries.

[(c) The President may waive the limitations of this section when he determines it to be important to the security of the United States, and promptly so reports to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate.]

(c) The limitations of this section may not be waived pursuant to any authority contained in this or any other Act unless the President finds that overriding requirements of the national security of the United States justify such a waiver and promptly reports such finding to the Congress in writing, together with his reasons for such finding. In any case in which the limitations of this section are waived under the preceding sentence, the report required under such sentence shall set forth, in detail, the expenditures proposed to be made in excess of the geographical limitation applicable under this section. Notwithstanding the foregoing provisions of this subsection, in no event shall the aggregate of the total amount of military assistance pursuant to the Foreign Assistance Act of 1961, of cash sales pursuant to sections 21 and 22, of credits, or participations in credits, financed pursuant to section 23 (excluding credits covered by guaranties issued pursuant to section 24(b)), of the face amount of contracts of guaranty issued pursuant to sections 24 (a) and (b), and of loans and sales in accordance with section 7307 of title 10, United States Code, exceed the geographical ceiling applicable under this section by more than an amount equal to 50 per centum of such ceiling.

* * * * *

CHAPTER 4—GENERAL, ADMINISTRATIVE, AND MISCELLANEOUS PROVISIONS

* * * * *

SEC. 42. GENERAL PROVISIONS.—(a) In carrying out this Act, special emphasis shall be placed on procurement in the United States, but consideration shall also be given to coproduction of licensed production outside the United States of defense articles of United States origin when such production best serves the foreign policy, national security, and economy of the United States. In evaluating any sale proposed to be made pursuant to this Act, there shall be taken into consideration (1) the extent to which the proposed sale damages or infringes upon

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licensing arrangements whereby United States entities have granted licenses for the manufacture of the defense articles selected by the purchasing country to entities located in friendly foreign countries, which licenses result in financial returns to the United States, [and] (2) the portion of the defense articles so manufactured which is of United States origin, and (3) *the extent to which such sale might contribute to an arms race, or increase the possibility of outbreak or escalation of conflict, or prejudice the development of bilateral or multilateral arms control arrangements.*

* * * * *

SECTION 8 OF THE ACT OF JANUARY 12, 1971

SEC. 8. (a) Subject to the provisions of subsection (b), the value of any excess defense article granted to a foreign country or international organization under part II of the Foreign Assistance Act of 1961 shall be considered to be an expenditure made from funds appropriated under that Act for military assistance. When an order is placed under the military assistance program with the military departments for a defense article whose stock status is excess at the time ordered, a sum equal to the value therof shall (1) be reserved and transferred to a suspense account, (2) remain in the suspense account until the excess defense article is either delivered to a foreign country or international organization or the order therefor is cancelled, and (3) be transferred from the suspense account to (A) the general fund of the Treasury upon delivery of such article or (B) to the military assistance appropriation for the current fiscal year upon cancellation of the order. Such sum shall be transferred to the military assistance appropriation for the current fiscal year upon delivery of such article if at the time of delivery the stock status of the article is determined, in accordance with sections 644 (g) and (m) of the Foreign Assistance Act of 1961, to be nonexcess.

(b) The provisions of subsection (a) shall apply during any fiscal year only to the extent that the aggregate value of excess defense articles ordered during that year exceeds [\$100,000,000] \$220,000,000.

(c) For purposes of this section, "value" means not less than 33½ per centum of the amount the United States paid at the time the excess defense articles were acquired by the United States.

SECTION 5314 OF TITLE 5, UNITED STATES CODE

§ 5314. Positions at level III

Level III of the Executive Schedule applies to the following positions, for which the annual rate of basic pay is \$40,000:

* * * * *

(9) Under Secretary of State for Political Affairs or Under Secretary of State for Economic Affairs and an Under Secretary of State for Coordinating Security Assistance Programs.

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FIRST SECTION OF THE ACT OF JUNE 28, 1935

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That an appropriation of [§53,550] \$33,000 annually is authorized, [§26,650] \$38,000 of which shall be for the annual contributions of the United States toward the maintenance of the Bureau of the Interparliamentary Union for the promotion of international arbitration; and [§26,900] \$45,000, or so much thereof as may be necessary, to assist in meeting the expenses of the American group of the Interparliamentary Union for each fiscal year for which an appropriation is made, such appropriation to be disbursed on vouchers to be approved by the president and the executive secretary of the American group.

SECTION 2 OF THE JOINT RESOLUTION OF JULY 11, 1956

Sec. 2. There is authorized to be appropriated annually, for the annual contribution of the United States toward the maintenance of the North Atlantic Assembly, such sum as may be agreed upon by the United States Group and approved by such Assembly, but in no event to exceed for any year an amount equal to 25 per centum of the total annual contributions made for that year by all members of the North Atlantic Treaty Organization toward the maintenance of such Assembly, and [§30,000] \$50,000, [§15,000] \$25,000 for the House delegation and [§15,000] \$25,000 for the Senate delegation, or so much therof as may be necessary, to assist in meeting the expenses of the United States group of the North Atlantic Assembly for each fiscal year for which an appropriation is made, such appropriation to be dispersed on voucher to be approved by the Chairman of the House delegation and the Chairman of the Senate delegation.

FOREIGN ASSISTANCE ACT OF 1969

* * * * *

[PART IV—INTER-AMERICAN SOCIAL DEVELOPMENT INSTITUTE

[SEC. 401. INTER-AMERICAN SOCIAL DEVELOPMENT INSTITUTE.—(a) There is created as an agency of the United States of America a body corporate to be known as the "Inter-American Social Development Institute" (hereafter in this section referred to as the "Institute").]

THE INTER-AMERICAN FOUNDATION Act

Sec. 401. INTER-AMERICAN FOUNDATION.—(a) There is created as an agency of the United States of America a body corporate to be known as the Inter-American Foundation (hereafter in this section referred to as the "Foundation").

(b) The future of freedom, security, and economic development in the Western Hemisphere rests on the realization that man is the foundation of all human progress. It is the purpose of this section to provide support for developmental activities designed to achieve condi-

tions in the Western Hemisphere under which the dignity and the worth of each human person will be respected and under which all men will be afforded the opportunity to develop their potential, to seek through gainful and productive work the fulfillment of their aspirations for a better life, and to live in justice and peace. To this end, it shall be the purpose of the [Institute] Foundation, primarily in cooperation with private, regional, and international organizations, to—

- (1) strengthen the bonds of friendship and understanding among the peoples of this hemisphere;
- (2) support self-help efforts designed to enlarge the opportunities for individual development;
- (3) stimulate and assist effective and ever wider participation of the people in the development process;
- (4) encourage the establishment and growth of democratic institutions, private and governmental, appropriate to the requirements of the individual sovereign nations of this hemisphere.

In pursuing these purposes, the [Institute] Foundation shall place primary emphasis on the enlargement of educational opportunities at all levels, the production of food and the development of agriculture, and the improvement of environmental conditions relating to health, maternal and child care, family planning, housing, free trade union development, and other social and economic needs of the people.

(e) The [Institute] Foundation shall carry out the purposes set forth in subsection (b) of this section primarily through and with private organizations, individuals, and international organizations by undertaking or sponsoring appropriate research and by planning, initiating, assisting, financing, administering, and executing programs and projects designed to promote the achievement of such purposes.

(d) In carrying out its functions under this section, the [Institute] Foundation shall, to the maximum extent possible, coordinate its undertakings with the developmental activities in the Western Hemisphere of the various organs of the Organization of American States, the United States Government, international organizations, and other entities engaged in promoting social and economic development of Latin America.

(e) The [Institute] Foundation, as a corporation—

- (1) shall have perpetual succession unless sooner dissolved by an Act of Congress;
- (2) may adopt, alter, and use a corporate seal, which shall be judicially noticed;
- (3) may make and perform contracts and other agreements with any individual, corporation, or other body of persons however designated whether within or without the United States of America, and with any government or governmental agency, domestic or foreign;

(4) shall determine and prescribe the manner in which its obligations shall be incurred and its expenses, *including expenses for representation (not to exceed \$10,000 in any fiscal year)*, allowed and paid;

(5) may, as necessary for the transaction of the business of the [Institute] Foundation, employ, and fix the compensation of not to exceed one hundred persons at any one time;

(6) may acquire by purchase, devise, bequest, or gift, or otherwise lease, hold, and improve, such real and personal property

as it finds to be necessary to its purposes, whether within or without the United States, and in any manner dispose of all such real and personal property held by it and use as general funds all receipts arising from the disposition of such property;

(7) shall be entitled to the use of the United States mails on the same conditions as the executive departments of the Government;

(8) may, with the consent of any board, corporation, commission, independent establishment, or executive department of the Government, including any field service thereof, avail itself of the use of information, services, facilities, officers, and employees thereof in carrying out the provisions of this section;

(9) may accept money, funds, property, and services of every kind by gift, devise, bequest, grant, or otherwise, and make advances, grants, and loans to any individual, corporation, or other body of persons, whether within or without the United States of America, or to any government or governmental agency, domestic or foreign, when deemed advisable by the [Institute] *Foundation* in furtherance of its purposes;

(10) may sue and be sued, complain, and defend, in its corporate name in any court of competent jurisdiction; and

(11) shall have such other powers as may be necessary and incident to carrying out its powers and duties under this section.

(f) Upon termination of the corporate life of the [Institute] *Foundation* all of its assets shall be liquidated and, unless otherwise provided by Congress, shall be transferred to the United States Treasury as the property of the United States.

(g) The management of the [Institute] *Foundation* shall be vested in a board of directors (hereafter in this section referred to as the "Board") composed of seven members appointed by the President, by and with the advice and consent of the Senate, one of whom he shall designate to serve as Chairman of the Board and one of whom he shall designate to serve as Vice Chairman of the Board. Four members of the Board shall be appointed from private life. Three members of the Board shall be appointed from among officers or employees of agencies of the United States concerned with inter-American affairs. Members of the Board shall be appointed for terms of six years, except that of the members first appointed two shall be appointed for terms of two years and two shall be appointed for terms of four years, as designated by the President at the time of their appointment. A member of the Board appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed only for the remainder of such term; but upon the expiration of his term of office a member shall continue to serve until his successor is appointed and shall have qualified. Members of the Board shall be eligible for reappointment.

(h) Members of the Board shall serve without additional compensation, but shall be reimbursed for actual and necessary expenses not in excess of \$50 per day, and for transportation expenses, while engaged in their duties on behalf of the corporation.

(i) The Board shall direct the exercise of all the powers of the [Institute] *Foundation*.

(j) The Board may prescribe, amend, and repeal bylaws, rules, and regulations governing the manner in which the business of the

【Institute】 Foundation may be conducted and in which the powers granted to it by law may be exercised and enjoyed. A majority of the Board shall be required as a quorum.

(k) In furtherance and not in limitation of the powers conferred upon it, the Board may appoint such committees for the carrying out of the work of the 【Institute】 Foundation as the Board finds to be for the best interests of the 【Institute】 Foundation, each committee to consist of two or more members of the Board, which committees, together with officers and agents duly authorized by the Board and to the extent provided by the Board, shall have and may exercise the powers of the Board in the management of the business and affairs of the 【Institute】 Foundation.

(l)(1) The chief executive officer of the Institute shall be an Executive Director who shall be appointed by the Board of Directors on such terms as the Board may determine. The Executive Director shall receive compensation at the rate provided for level IV of the Executive Schedule under section 5315 of title 5, United States Code.】

(l)(1) *The chief executive officer of the Foundation shall be a President who shall be appointed by the Board of Directors on such terms as the Board may determine. The President shall receive compensation at the rate provided for level IV of the Executive Schedule under section 5315 of title 5, United States Code.*

(2)(A) *Experts and consultants, or organizations thereof, may be employed, as authorized by section 3109 of title 5 of the United States Code.*

(B) *Services of an individual as an expert or consultant under this subsection shall not be considered as employment or holding office or position bringing such individual within the provisions of sections 3323(a) and 8344 of title 5 of the United States Code, section 872 of the Foreign Service Act of 1946, as amended, or any other law limiting the reemployment of retired officers or employees or governing the simultaneous receipt of compensation and retired pay or annuities, subject to section 5532 of title 5 of the United States Code.*

(m) In order to further the purposes of the 【Institute】 Foundation there shall be established a Council to be composed of such number of individuals as may be selected by the Board from among individuals knowledgeable concerning developmental activities in the Western Hemisphere. The Board shall, from time to time, consult with the Council concerning the objectives of the 【Institute】 Foundation. Members of the Council shall receive no compensation for their services but shall be entitled to reimbursement in accordance with section 5703 of title 5, United States Code, for travel and other expenses incurred by them in the performance of their functions under this subsection.

(n) The 【Institute】 Foundation shall be a nonprofit corporation and shall have no capital stock. No part of its revenue, earnings, or other income or property shall inure to the benefit of its directors, officers, and employees and such revenue, earnings, or other income, or property shall be used for the carrying out of the corporate purposes set forth in this section. No director, officer, or employee of the corporation shall in any manner directly or indirectly participate in the deliberation upon or the determination of any question affecting his personal interests or the interests of any corporation, partnership, or organization in which he is directly or indirectly interested.

(o) When approved by the [Institute,] *Foundation*, in furtherance of its purpose, the officers and employees of the [Institute] *Foundation* may accept and hold offices or positions to which no compensation is attached with governments or governmental agencies of foreign countries.

(p) The Secretary of State shall have authority to detail employees of any agency under his jurisdiction to the [Institute] *Foundation* under such circumstances and upon such conditions as he may determine. Any such employee so detailed shall not lose any privileges, rights, or seniority as an employee of any such agency by virtue of such detail.

(q) The [Institute] *Foundation* shall establish a principal office. The [Institute] *Foundation* is authorized to establish agencies, branch offices, or other offices in any place or places within the United States or elsewhere in any of which locations the [Institute] *Foundation* may carry on all or any of its operations and business.

(r) The [Institute,] *Foundation*, including its franchise and income, shall be exempt from taxation now or hereafter imposed by the United States, or any territory or possession thereof, or by any State, county, municipality, or local taxing authority.

(s) Notwithstanding any other provision of law, not to exceed an aggregate amount of \$50,000,000 of the funds made available for the fiscal years 1970 and 1971 to carry out part I of the Foreign Assistance Act of 1961 shall be available to carry out the purposes of this section. Funds made available to carry out the purposes of this section under the preceding sentence are authorized to remain available until expended.

(t) The [Institute] *Foundation* shall be subject to the provisions of the Government Corporation Control Act.

MINORITY VIEWS OF HON. RONALD V. DELLUMS

I am opposed to this bill. My opposition to H.R. 9910 does not mean, however, that I am opposed to the concept of development assistance. On the contrary, I am convinced that the modern industrialized nations, among which the United States stands pre-eminent, cannot abandon their responsibility to the developing countries. Rather, my opposition to this legislation is based on what must be a classic example of misguided priorities.

An examination of the sums authorized in H.R. 9910 shows that the "Foreign Assistance Act of 1971" is the antithesis of development assistance. Of the grand total of \$6,938,700,000 authorized over the next two fiscal years, \$4,030,000,000, or approximately 60 percent, is earmarked for military aid and security supporting assistance. A better title for this bill would be the "Status Quo Act of 1971".

In 1969, the Pearson Commission on International Development strongly recommended that each developed country increase its resource transfers to developing countries to a minimum of one percent of its gross national product by no later than 1975. Since that recommendation was made, the level of our bilateral development assistance has fallen from 0.28 percent of the GNP to less than 0.14 percent for fiscal year 1972, and there is only a negligible increase authorized for Fy 1973. Even if one includes the security portion of the bill, U.S. contributions to multilateral agencies, and all other programs outside the purview of the Foreign Assistance Act, the total of all U.S. foreign economic aid is less than one-half of 1 percent of our GNP. Putting our contribution to the development of the poor nations in another perspective, the United States total commitment ranks in the 11th place among the 16-nation Development Assistance Committee (DAC).

My objection to the skewing of foreign aid in favor of security assistance is not intended to imply that there is never at any time justification for military aid. If aiding another country against external aggression and subversion promotes freedom and democracy, then such assistance can be rationalized. However, I am afraid that our military assistance programs have too often perpetuated dictatorships and authoritarian regimes while retarding and stultifying the engines of peace and progress. Although I think the Committee's decision to suspend aid to Greece is laudable, I am dismayed that the Committee did not choose to apply the same standard to Portugal and Brazil. It would appear that there is more concern for the welfare of the white population of Greece, than for oppressed black Africans or the Indian minority and political prisoners in Brazil.

At the present time, America's image abroad is tarnished by our tragic involvement and adventurism in the Vietnam war. In retrospect it is sadly clear that the almost \$200 billion estimated spent on the war in the name of security would have been better devoted to the development needs abroad and to solving our own problems at home. In my view, this bill does little to refurbish our image nor does it significantly contribute to closing the ever widening gap between the rich nations and the poor. Unless H.R. 9910 is radically amended for the better by the full House, I would urge my colleagues to reject it.

RONALD V. DELLUMS.

MINORITY VIEWS OF HON. H. R. GROSS, HON. EDWARD J.
DERWINSKI, AND HON. VERNON W. THOMSON

A farewell to alms? Well, not for the next 2 years if this bill passes.

By way of background, the President announced in 1969 the appointment of a task force to study foreign aid. We said then that we didn't expect much from this time-tested gimmick.

To keep the program afloat while the task force explored the obvious, Congress voted a 2-year authorization. After the task force reported, the bureaucrats took another year to polish it up.

Less than 3 months ago Congress finally received the retread specifications for a more complex and costly monstrosity than we now have.

The Executive didn't have the heart to push it and the committee didn't have the heart to tackle it!

So the committee has gone through its usual foreign aid incantations. With maximum speed and minimum information it has produced another 2-year authorization—with a larger amount for the second year.

It would take a sharp-eyed sparrow to find the facts in the pile of papers the Executive submitted that could justify even a 1-year authorization.

As for the second year recommendation, it simply reflects the continued reckless abandon with which the majority of the committee views continuance of foreign aid; the lack of concern for its contribution to further inflation; and an irresponsible regard for our balance of payments difficulties.

Some of us were under the impression that if we lowered our profile, the price would also go down. But things just don't work out that way.

One explanation for this long-range largesse is that the nations of the world are busily engaged in building "the economic, political, and social institutions which will meet their aspirations for a better life, with freedom, and in peace"—to quote from the statement of policy in the Foreign Assistance Act. Aid recipients have not been pursuing these noble purposes, but we're still chasing butterflies.

There is a credibility gap between the authorization scorecard and news accounts of the international scene. Are nations doing so well building all these institutions that we can't let them down? Or are they doing so poorly that we have to keep bailing them out? The committee voted affirmatively on the first question and ignored the second.

With so many potential Secretaries of State on and off the committee, one has a right to expect that its decisions would reflect a mature view on the relation of foreign aid to our foreign policy rather than the outcome of a popularity contest.

In a burst of emotional indignation, seldom seen in the committee, it decided to cut off aid to Greece and Pakistan. We thought this was the first of many moves to cut off aid to governments that did not meet the many criteria the committee has written into the law.

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To our surprise the committee showed a studied indifference toward a number of Latin American governments that have been seizing U.S. fishing vessels and confiscating the property of U.S. citizens.

It voted overwhelmingly to cut off aid to those Latin American governments, but voted overwhelmingly to give them more money. For some reason leftwing military regimes have an attraction for the committee.

The double standard shown by the majority is not in accord with its devotion to equal justice under the law.

This slapdash approach to basic foreign policy issues points up one of the dangers of a 2-year program. With coups, countercoups, and attempted coups almost a weekly occurrence, will the committee be able to contain its reactions—favorable or unfavorable—to these political gyrations for 2 years? Is it not conceivable, for example, that Communist China may soon find sufficient favor in the committee to merit foreign assistance? A presidential determination to waive the present prohibitions on such aid will deny the committee the opportunity to examine objectively this issue.

Members need not be concerned that, if this bill is defeated, our foreign aid will end. It is already so fragmented that no two Members can agree on just how much we are sending and spending abroad. This bill is only the tip of the iceberg. In other measures there are provisions for bilateral and multilateral assistance amounting to more than \$9 billion.

There is little on the horizon to suggest that our economy will be booming very soon. The budget deficit is mounting and a stringent retrenchment program in expenditures is in order. The outflow of dollars to which the program contributes not only continues but is worsening. At the very time when we should be hardheaded about the world in which we live and the state of our economy, the committee presents the House with another do-it-yourself plan for utopia.

In the hope of bringing some semblance of fiscal responsibility into this program, we propose to offer amendments that will limit its duration to 1 year and will reduce specific authorizations. We believe that the voters will welcome this modest effort.

Members who have little unemployment in their districts and whose constituents are not concerned about inflation will, of course, have no difficulty supporting this \$6.8 billion bill. The rest of us must vote against it.

In the national interest we urge the defeat of this bill.

H. R. GROSS.
EDWARD J. DERWINSKI.
VERNON W. THOMSON.

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SUPPLEMENTAL MINORITY VIEWS OF THE HON.
EDWARD J. DERWINSKI

The majority of the Committee felt compelled, under pressure of the neo-isolationist mood in the country, to adopt an amendment cutting off aid to the present government in Athens. This action was taken despite the solid record of cooperation with U.S. forces and NATO by the Athens regime.

The present Greek government came into power in the spring of 1967 and despite record economic gains and substantial domestic improvements for its citizens, it is consistently denounced abroad as a "Fascist dictatorship." This I believe to be an exaggeration. However, it is true that the Greek government has moved much too slowly toward a return to normal democratic procedures, maintaining this is a purely internal political matter.

The policy of the Johnson and Nixon Administrations has been to cooperate with Greek military participation in NATO while encouraging a return to an elective government and a restoration of the parliament. This U.S. policy has been persistently criticized by Greek political exiles, especially leftist types although the overwhelming majority of Greek-Americans basically support the policy we have maintained towards their mother country. U.S. interest in Greek stability is obvious since the country is the last solid foothold in the Eastern Mediterranean for our Sixth Fleet. Greek bases are vital to U.S. needs if any situation would arise requiring support for Israel or action to maintain stability in countries such as Saudi Arabia or Jordan.

Before the anti-Greek amendment was placed into this bill, \$117 million in military equipment for Greece was programmed, two-thirds in outright sales and repayable credits, and the remainder in aid under NATO programs. This would have been consistent with our basic policy towards Greece, which is to protect obvious security interests in the Eastern Mediterranean and the Near East. We are trying to maintain a good working relationship with the present government so that we could exert influence to produce an orderly return to representative government.

The issue isn't one of judging the lack of democracy in Greece since there are numerous examples that could be cited in Latin America, Africa and Asia, where one-man or party dictatorships are flourishing and these countries will remain aid recipients without any moralizing by the majority of the committee.

The effective presence of the U.S. Sixth Fleet in the Mediterranean certainly requires the cooperation of the Greeks. Since they have been providing maximum military cooperation and the government is committed to a restoration of democracy, the amendment as adopted by the committee should be reviewed.

It is my opinion that the full House membership will support objective modification of the language in the bill as it applies to Greece for the reasons cited above.

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